

# FCPO Daily Commentary

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**PALM FCPO JUL17 (2672, +44)**

Our Call of The Day:

**Mildly Bullish**  
12 May 2017

## FCPO 3rd Month Daily Candle Chart



### Market Commentary

#### Highlights:

- Palm oil at one-month high on weaker output growth, stronger rival oils
- CBOT soy closes lower on technical selling, hedge pressure

#### Crude Palm Oil

Malaysian palm oil futures at a one month high on Thursday, posted a fifth consecutive session of gains on weaker than expected output growth and tracking stronger rival oils on the China's Dalian Commodity Exchange.

The benchmark July 17 contract gained RM44 to close at RM2,672 per tonne, prices were traded between RM2,605 and RM2,675 with total traded volume for palm stood at 48,557 lots.

Exports of Malaysian palm oil products for May 1 - 10 rose 12.9 percent to 346,920 tonnes from 307,249 tonnes shipped a month ago, cargo surveyor Intertek Testing Services said on Thursday.

Meanwhile, Societe Generale de Surveillance said exports during the period rose 15.0 percent to 359,355 tonnes from 312,489 tonnes shipped during Apr. 1-10.

According to MPOB government data for April, Malaysia palm inventories rose 3.0 percent to 1.6 million tonnes, while exports rising 1.4 percent. Output increased 5.7 percent on the month to 1.55 million tonnes.

Malaysian palm oil inventories end-April rose to their highest level so far this year, but were below market expectations, as rising production contributed to stockpiles and exports were weaker than forecast.

Today, palm oil prices are likely to gain support from weakening ringgit and tracking mild rebound from overnight soy oil market.

For the benchmark palm oil contract, we see support levels at RM2,635 and RM2,600 while resistance levels at RM2,700 and RM2,730.

#### Soybean (Reuters)

Soybean futures on the Chicago Board of Trade fell Thursday on technical selling, some hedge pressure and rising estimates of South America's harvest.

Light pressure from forecasts for warmer weather next week in the U.S. Midwest that should aid planting and crop germination.

The Buenos Aires Grains Exchange raised its estimate of Argentina's 2016-17 soybean crop to 57.5 million tonnes, from 56.5 million previously. While Brazil's agricultural statistics agency Conab raised its estimate of Brazil's 2016-17 soybean harvest to 113 million tonnes, from 110.2 million last month.

The U.S. Department of Agriculture reported weekly soybean export sales of 451,400 tonnes (old and new crop years combined), in line with trade expectations.

## Crude Palm Oil Futures

### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
May17	2,895	45	2,832	2,896	2,820	2,970	-427	493
Jun17	2,763	47	2,694	2,767	2,694	14,762	-2,124	1,990
Jul17	2,672	44	2,611	2,675	2,605	43,032	-629	21,415
Aug17	2,604	35	2,550	2,608	2,544	42,344	101	11,158
Sep17	2,558	28	2,514	2,570	2,510	34,211	596	5,295
Oct17	2,541	28	2,505	2,549	2,496	4,443	61	1,121
Nov17	2,538	26	2,504	2,552	2,495	28,077	-171	2,540
Jan18	2,555	31	2,532	2,572	2,524	9,789	121	1,327
Mar18	2,575	18	2,545	2,583	2,544	14,897	-121	879
May18	2,573	14	2,550	2,586	2,550	12,699	179	706
Jul18	2,571	23	2,560	2,585	2,560	5,039	372	688
Sep18	2,569	19	2,567	2,580	2,565	3,183	109	564
Nov18	2,566	27	2,566	2,569	2,563	1,795	106	295
Jan19	2,573	27	2,571	2,573	2,571	192	60	86
Mar19	2,573	27	-	-	-	0	0	-
<b>Total</b>						<b>217,433</b>	<b>-1,767</b>	<b>48,557</b>

### Spreads

Contract	Open	High	Low	Last	Vol
Jun17 / Jul17	84	97	84	91	1,227
Jul17 / Aug17	60	69	58	68	4,771
Aug17 / Sep17	34	46	34	46	1,652
Sep17 / Oct17	15	20	13	17	390

### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	966.25	-4.00
Soybean Oil	JUL17	32.49	0.21
Soybean Meal	JUL17	314.90	-2.80
Crude Oil	JUN17	47.83	0.50
DCE Palm Oil	SEP17	5,414	46.00
DCE Soybean Oil	SEP17	5,924	2.00

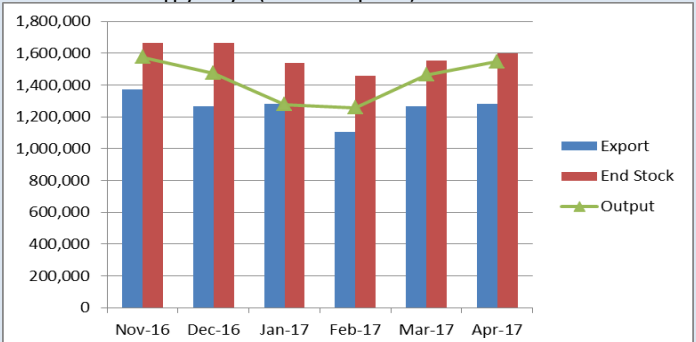
### Exchange Rate

Currency	Last
USD/MYR	4.3485
USD/IDR	13,321
USDCNY	6.9000

### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	APR17	n.a.	4547.02	n.a.
FOB CPO (Indo)	USD/mt	MAY17	n.a.	697.50	693.75
FOB RBD Palm Olein (M'sia)	USD/mt	MAY17	n.a.	700.00	697.50
FOB RBD Palm Oil (M'sia)	USD/mt	MAY17	n.a.	695.00	n.a.

### MPOB Demand and Supply Analysis (6 Month Comparison)

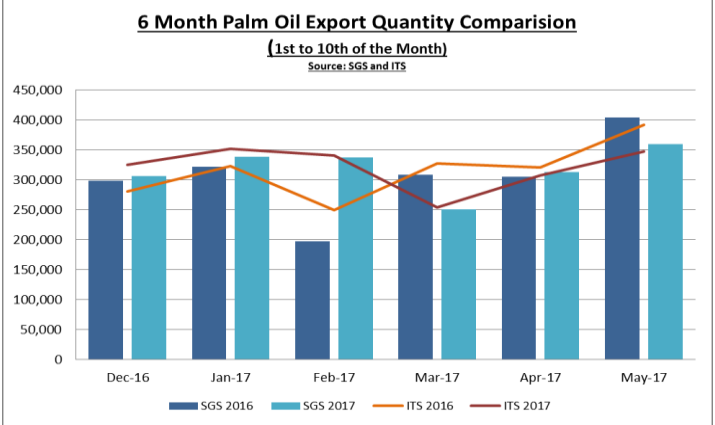


**Demand and Supply Data**

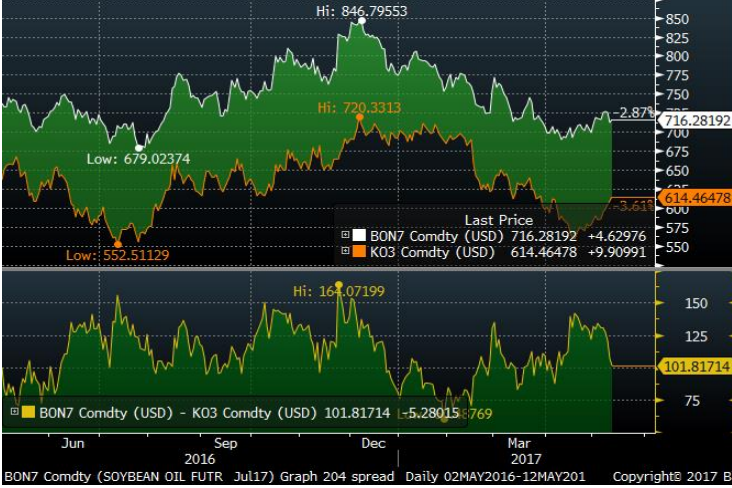
Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			SGS (in tonnes)		
	Apr'17	May'17	Chg (%)	Apr'17	May'17	Chg (%)
First 10 days	307,249	346,920	12.9	312,489	359,355	15.0
First 15 days	567,280			572,910		
First 20 days	705,372			719,175		
First 25 days	866,297			891,725		
Full month	1,125,942			1,135,340		

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Mar'17	Apr'17	MoM (%)	Apr'17	Chg (%)
Production	1,464,021	1,548,053	5.7	1,581	+8%
Export	1,265,771	1,283,308	1.4	1,3926	+10%
Import	101,961	54,475	-46.6		
Local Disapp	205,370	272,314	32.6		
Stock	1,552,988	1,599,894	3.0	1.6472	+6%
Stock/Use ratio	1.06	1.03	-2.6		

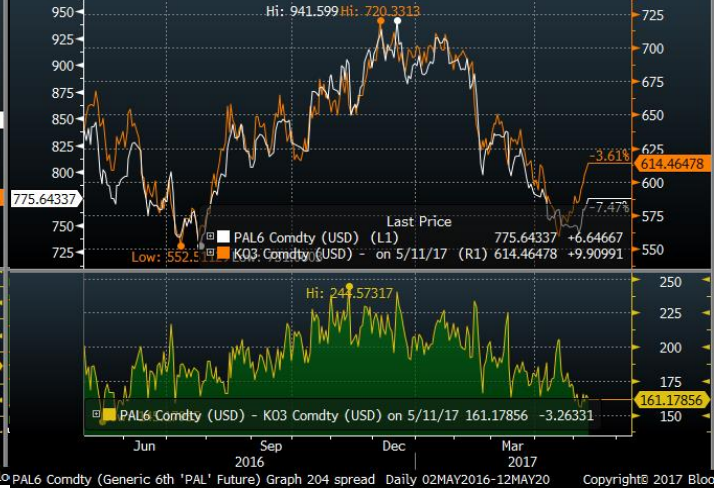
**Export Quantity Analysis**



**Spread (CBOT Soyoil - BMD Crude Palm Oil)**



**Spread (DCE Palm Olein - BMD Crude Palm Oil)**



Sources: Thomson Reuters / Bloomberg/ MPOB /ITS/ SGS/ Phillip Futures

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