

FCPO Daily Commentary

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PALM FCPO SEP17 (2557, -24)

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm dips on weaker related oils, market correction
- CBOT soy tumbles on U.S. weather, technical selling

Crude Palm Oil

Malaysian palm oil futures fell in early trade on Thursday and were set for a third straight session of losses, tracking weaker edible oils such as soybean on the Chicago Board of Trade (CBOT).

The benchmark September 17 down RM24 to RM2,557 per tonne, prices were traded between RM2,570 and RM2,553 with total traded volume for palm stood at 35,950 lots.

Palm had climbed to its highest in seven weeks during Tuesday's trade, before it fell tracking CBOT and Dalian soybean, and is up 0.4% for the week so far.

The market is seeing some downside correction on weakness in soybean oil and China's palm olein.

Phillip Futures Sdn Bhd Analyst David Ng said CPO closed lower on the back of growing concerns over rising production in coming months, coupled by weaker exports.

Today, palm oil prices is expected to extend its gloomy sentiment in continuance of yesterday's price correction. The second day weak performance in the soybean market could also weigh on palm oil price.

For the benchmark palm oil contract, we see support levels at RM2,532 and RM2,517 while resistance levels at RM2,600 and RM2,614.

Soybean (Reuters)

Chicago Board of Trade soybean futures fell on Thursday on technical selling and forecasts called for less-threatening weather in the U.S. Midwest.

Portions of the U.S. Midwest crop belt including Iowa and Illinois had good rains this week, and forecast models showed less heat expected next week.

Our Call of The Day:

Mildly Bearish
14 July 2017

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

| Contract | Last | Change | Open | High | Low | Open Interest | | Volume |
|--------------|-------|--------|-------|-------|-------|----------------|--------------|---------------|
| | | | | | | Lots | Changes | |
| Jul17 | 2,661 | -18 | 2,665 | 2,670 | 2,665 | 1,153 | -90 | 104 |
| Aug17 | 2,610 | -18 | 2,613 | 2,620 | 2,601 | 12,070 | -65 | 3,205 |
| Sep17 | 2,557 | -24 | 2,570 | 2,570 | 2,553 | 49,286 | -843 | 16,950 |
| Oct17 | 2,542 | -23 | 2,555 | 2,555 | 2,540 | 28,071 | 1,695 | 6,473 |
| Nov17 | 2,542 | -24 | 2,555 | 2,555 | 2,540 | 40,128 | 86 | 3,279 |
| Dec17 | 2,559 | -26 | 2,569 | 2,569 | 2,557 | 5,952 | -32 | 444 |
| Jan18 | 2,578 | -24 | 2,589 | 2,589 | 2,573 | 17,836 | 95 | 1,135 |
| Mar18 | 2,598 | -22 | 2,605 | 2,605 | 2,591 | 15,694 | -52 | 1,159 |
| May18 | 2,612 | -17 | 2,617 | 2,620 | 2,604 | 19,793 | 219 | 2,594 |
| Jul18 | 2,576 | -18 | 2,575 | 2,586 | 2,572 | 10,874 | 27 | 153 |
| Sep18 | 2,547 | -19 | 2,550 | 2,557 | 2,547 | 5,909 | 41 | 180 |
| Nov18 | 2,545 | -17 | 2,543 | 2,551 | 2,540 | 7,262 | 74 | 248 |
| Jan19 | 2,569 | -17 | 2,567 | 2,567 | 2,567 | 955 | 4 | 16 |
| Mar19 | 2,576 | -17 | 2,570 | 2,570 | 2,570 | 433 | 5 | 10 |
| May19 | 2,580 | -17 | - | - | - | 114 | 0 | - |
| Total | | | | | | 215,530 | 1,164 | 35,950 |

Spreads

| Contract | Open | High | Low | Last | Vol |
|---------------|------|------|-----|------|-------|
| Jul17 / Aug17 | 60 | 62 | 60 | 51 | 37 |
| Aug17 / Sep17 | 46 | 53 | 45 | 53 | 1,886 |
| Sep17 / Oct17 | 16 | 17 | 13 | 15 | 3,966 |
| Oct17 / Nov17 | -1 | 1 | -1 | - | 788 |

Correlated Commodity Market

| Commodities | Month | Last | Change |
|-----------------|-------|--------|--------|
| Soybeans | NOV17 | 987.50 | -46.50 |
| Soybean Oil | DEC17 | 33.99 | -0.33 |
| Soybean Meal | DEC17 | 325.10 | -18.20 |
| Crude Oil | AUG17 | 45.49 | -0.26 |
| DCE Palm Oil | SEP17 | 5,466 | -30.00 |
| DCE Soybean Oil | SEP17 | 6,110 | -40.00 |

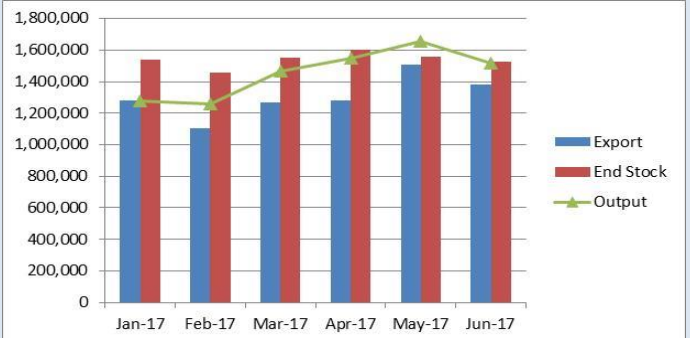
Exchange Rate

| Currency | Last |
|----------|--------|
| USDMYR | 4.2995 |
| USDIDR | 13,333 |
| USDCNY | 6.7815 |

Physical Palm Oil Market

| Commodities | Unit | Month | Bid | Ask | Value |
|-----------------------------|--------|-------|--------|---------|--------|
| CPKO Local Delivery (M'sia) | RM/mt | JUL17 | n.a. | 4232.86 | n.a. |
| FOB CPO (Indo) | USD/mt | JUL17 | 655.00 | 660.00 | 657.50 |
| FOB RBD Palm Olein (M'sia) | USD/mt | JUL17 | n.a. | 675.00 | 673.75 |
| FOB RBD Palm Oil (M'sia) | USD/mt | JUL17 | n.a. | 670.00 | n.a. |

MPOB Demand and Supply Analysis (6 Month Comparison)

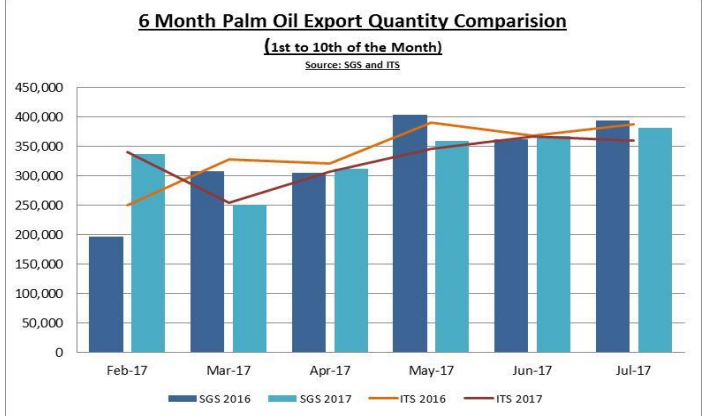


Demand and Supply Data

| Date | Cargo Surveyor Figures | | | | | |
|---------------|------------------------|---------|---------|-----------------|---------|---------|
| | ITS (in tonnes) | | | SGS (in tonnes) | | |
| | Jun'17 | Jul'17 | Chg (%) | Jun'17 | Jul'17 | Chg (%) |
| First 10 days | 366,994 | 360,114 | -1.9 | 367,165 | 381,241 | 3.8 |
| First 15 days | 508,960 | | | 523,505 | | |
| First 20 days | 721,020 | | | 710,322 | | |
| First 25 days | 985,534 | | | 996,291 | | |
| Full month | 1,190,583 | | | 1,210,359 | | |

| (in tonnes) | Malaysia Palm Oil Board Data (MPOB) | | | PFSB Forecast | |
|-----------------|-------------------------------------|-----------|---------|---------------|---------|
| | May'17 | Jun'17 | MoM (%) | June'17 | Chg (%) |
| | | | | | |
| Production | 1,654,494 | 1,514,170 | -8.5 | 1.74 | +7.0 |
| Export | 1,505,929 | 1,379,691 | -8.4 | 1.32 | -12.0 |
| Import | 47,450 | 45,828 | -3.4 | | |
| Local Disapp | 238,290 | 210,883 | -11.5 | | |
| Stock | 1,557,619 | 1,527,043 | -2.0 | 1.60 | +2.0 |
| Stock/Use ratio | 0.87 | 0.96 | 10.4 | | |

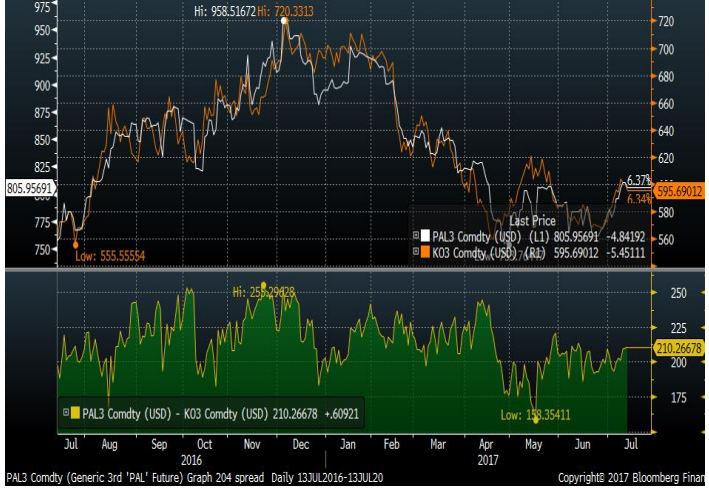
Export Quantity Analysis



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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