

FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (62533-U) (A member of PhillipCapital)

PALM FCPO JUL17 (2684, +33)

Our Call of The Day:

Bullish

16 May 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil gains as demand picks up ahead of Muslim festival
- CBOT soy rises on bargain buying

Crude Palm Oil

Malaysian palm oil futures climbed on Monday, overcoming a stronger ringgit as demand for the tropical oil ahead of the Muslim festival of Ramadan pushed up palm oil prices.

The benchmark July 17 contract rose RM33 to close at RM2,684 per tonne, prices were traded between RM2,653 and RM2,688 with total traded volume for palm stood at 74,034 lots.

Phillip Futures Sdn Bhd Analyst David Ng said this showed overall bullishness in the current export pace. The overnight gains in the Chicago soybean oil market was also supportive of the market.

The ringgit extended its gains against the dollar at 4.3250 on Monday on renewed demand for the local note. A stronger ringgit makes the tropical oil more expensive for holders of foreign currencies.

According to Cargo surveyor Intertek Testing Services (ITS), exports of Malaysian palm oil products for May. 1-15 rose 8.9 percent to 617,697 tonnes from 567,280 tonnes shipped during Apr. 1-15. While, Cargo surveyor Societe Generale de Surveillance(SGS) reported exports of Malaysian palm oil products for May. 1-15 gained 7.1 percent to 613,465 tonnes from 572,910 tonnes shipped during Apr. 1-15.

Today, we expect the palm prices to extend its upside movement as fundamentals remain bullish at current levels and the strong performance in soyoil and crude oil market would provide support to extend the rally.

For the benchmark palm oil contract, we see support levels at RM2,600 and RM2,565 while resistance levels at RM2,635 and RM2,675.

Soybean (Reuters)

Soybean futures on the Chicago Board of Trade closed higher on Monday on bargain buying after the July contract on Friday touched a near two-week low.

CBOT soybeans got an early boost from strength in the Brazilian real, which tends to discourage Brazilian farmers from selling their dollar-denominated soybeans.

But soybean futures pared gains on a smaller-than-expected monthly U.S. soybean crush figure. The National Oilseed Processors Association said its members crushed 139.1 million bushels of soybeans in April, down from 153.06 million bushels in March.

The U.S. Department of Agriculture reported export inspections of U.S. soybeans in the latest week at 281,465 tonnes, below a range of trade expectations for 300,000 to 450,000 tonnes.

Ahead of the USDA's weekly crop progress report, the average estimate of U.S. soybean planting progress among analysts surveyed by Reuters was 28 percent, up from 14 percent a week ago.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
May17	2,920	60	2,800	2,920	2,800	1,894	-420	487
Jun17	2,824	56	2,792	2,830	2,780	12,865	-991	3,956
Jul17	2,684	33	2,680	2,688	2,653	38,419	-2,069	27,573
Aug17	2,609	30	2,604	2,613	2,583	42,238	616	22,826
Sep17	2,559	31	2,554	2,566	2,540	33,244	-921	8,465
Oct17	2,535	24	2,529	2,543	2,522	5,284	751	2,606
Nov17	2,539	33	2,527	2,540	2,522	29,228	1,150	5,873
Jan18	2,559	25	2,552	2,564	2,540	10,065	-190	1,314
Mar18	2,572	25	2,563	2,576	2,560	14,459	-99	494
May18	2,570	22	2,563	2,574	2,558	12,587	-84	239
Jul18	2,568	20	2,563	2,570	2,557	5,064	23	44
Sep18	2,567	21	2,561	2,567	2,561	3,057	0	25
Nov18	2,565	22	2,556	2,565	2,555	1,784	49	117
Jan19	2,573	23	2,565	2,565	2,565	207	15	15
Mar19	2,573	23	-	-	-	0	0	-
Total						210,395	-2,170	74,034

Spreads

Contract	Open	High	Low	Last	Vol
Jun17 /Jul17	115	143	115	140	3,153
Jul17 /Aug17	73	75	65	75	10,211
Aug17 /Sep17	50	50	42	50	4,159
Sep17 /Oct17	22	23	17	24	805

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	965.25	2.25
Soybean Oil	JUL17	33.02	0.18
Soybean Meal	JUL17	312.50	-0.80
Crude Oil	JUN17	48.85	0.98
DCE Palm Oil	SEP17	5,488	12.00
DCE Soybean Oil	SEP17	5,982	18.00

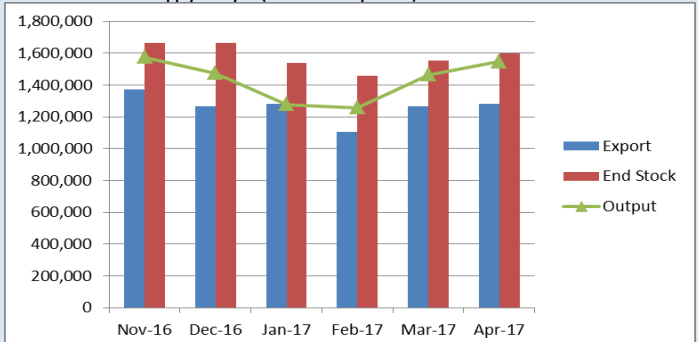
Exchange Rate

Currency	Last
USDMYR	4.3255
USDIDR	13,293
USDCNY	6.8810

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	MAY17	n.a.	4563.55	n.a.
FOB CPO (Indo)	USD/mt	MAY17	n.a.	705.00	701.25
FOB RBD Palm Olein (M'sia)	USD/mt	MAY17	n.a.	715.00	712.50
FOB RBD Palm Oil (M'sia)	USD/mt	MAY17	n.a.	710.00	n.a.

MOB Demand and Supply Analysis (6 Month Comparison)

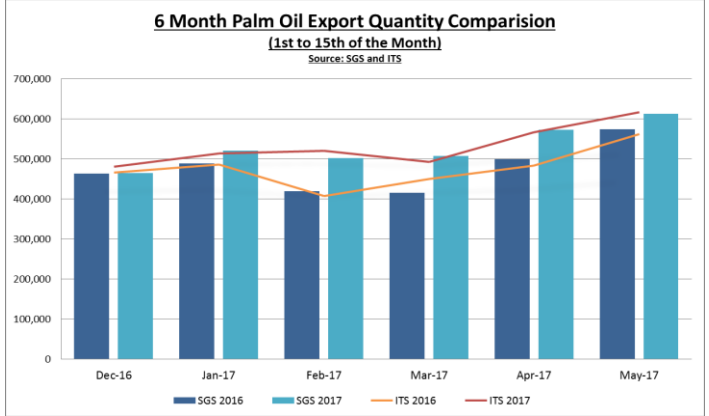


Demand and Supply Data

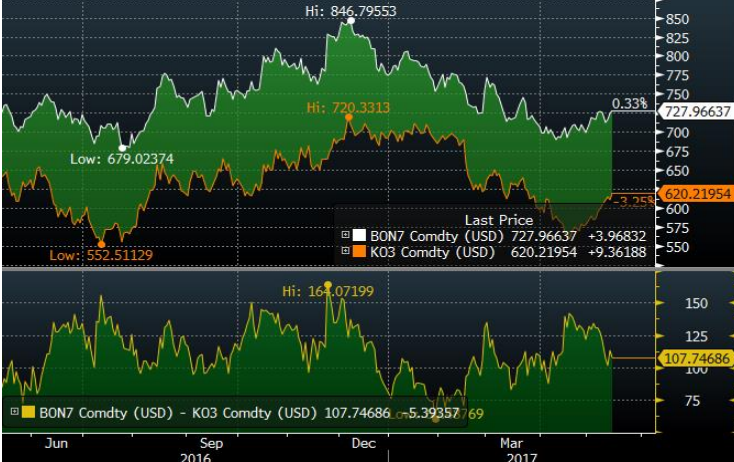
Date	ITS (in tonnes)			SGS (in tonnes)		
	Apr'17	May'17	Chg (%)	Apr'17	May'17	Chg (%)
First 10 days	307,249	346,920	12.9	312,489	359,355	15.0
First 15 days	567,280	617,697	8.9	572,910	613,465	7.1
First 20 days	705,372			719,175		
First 25 days	866,297			891,725		
Full month	1,125,942			1,135,340		

(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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