

FCPO Daily Commentary

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PALM FCPO AUG17 (2498, +42)

Our Call of The Day:

Mildly Bullish
16 June 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil hits one week high on output concerns.
- CBOT soybean close firm on NOPA report.

Crude Palm Oil

Malaysian palm oil futures bounced back on Thursday rose for a second consecutive session on the back of concerns over output growth, although the market had earlier shown mixed signals due to a stronger ringgit and weaker exports.

The benchmark August 17 gained RM42 to RM2,498 per tonne, prices were traded between RM2,500 and RM2,440 with total traded volume for palm stood at 60,608 lots.

According to a Kuala Lumpur-based trader, the market is expected to be lower this morning amid a strong ringgit and weak exports, but the market seems to be holding. The market could be anticipating harvest interruptions during Ramadan, which could offset the lower exports.

A stronger ringgit, palm's currency of trade, typically weakens the market as it makes palm oil more expensive for holders of foreign currencies. Earlier in the session, the currency rose to its highest in over seven months before weakening 0.2 percent to 4.2650 per dollar.

Palm oil production is seen falling in June as workers go on leave during the Muslim fasting month of Ramadan and the Eid-Al-Fitr holiday period, leading to a shortage of workers to harvest the oilseed.

Palm oil exports are expected to decline after Ramadan, and as big buyers such as China and India switch to cheaper rival oilseeds such as soyoil and rapeseed oil.

Today, palm oil prices are most likely to trade higher, tracking the huge overnight gains in the US soyoil market.

For the benchmark palm oil contract, we see support levels at RM2,425 and RM2,395 while resistance levels at RM2,475 and RM2,495.

Soybean (Reuters)

Chicago Board of Trade (CBOT) soybean futures rose on Thursday, supported by a better-than-expected crushing report.

Soyoil futures also rose, hitting their highest since May 23, on support from the crush report as well as technical buying.

The National Oilseed Processors Association said on Thursday morning that its members crushed 149.246 million bushels during May, the second busiest May on record and up from 139.134 million bushels in April.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jun17	2,650	-25	2,663	2,675	2,650	1,012	-960	308
Jul17	2,609	46	2,553	2,610	2,553	10,632	-672	1,281
Aug17	2,498	42	2,453	2,500	2,440	33,670	-2,741	21,670
Sep17	2,449	30	2,413	2,451	2,407	49,054	490	14,163
Oct17	2,432	21	2,400	2,433	2,400	22,746	-1,677	7,629
Nov17	2,433	19	2,405	2,437	2,405	31,644	245	5,612
Jan18	2,468	19	2,443	2,471	2,442	18,514	-718	4,361
Mar18	2,488	20	2,462	2,490	2,460	16,321	-870	3,073
May18	2,496	18	2,474	2,497	2,474	15,799	477	1,475
Jul18	2,485	19	2,463	2,487	2,463	7,188	46	240
Sep18	2,474	12	2,464	2,480	2,463	4,440	30	131
Nov18	2,474	14	2,456	2,477	2,456	5,774	418	649
Jan19	2,487	14	2,474	2,474	2,474	309	0	15
Mar19	2,492	14	-	-	-	7	0	-
May19	2,499	14	-	-	-	7	0	-
Total						217,117	-5,932	60,608

Spreads

Contract	Open	High	Low	Last	Vol
Jul17 / Aug17	107	117	101	108	835
Aug17 / Sep17	36	55	34	49	5,543
Sep17 / Oct17	8	20	7	17	2,216
Oct17 / Nov17	-4	-3	-6	-3	1,460

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	944.00	5.00
Soybean Oil	DEC17	33.24	0.68
Soybean Meal	DEC17	306.50	-1.20
Crude Oil	JUL17	44.46	-0.27
DCE Palm Oil	SEP17	5,246	14.00
DCE Soybean Oil	SEP17	5,842	14.00

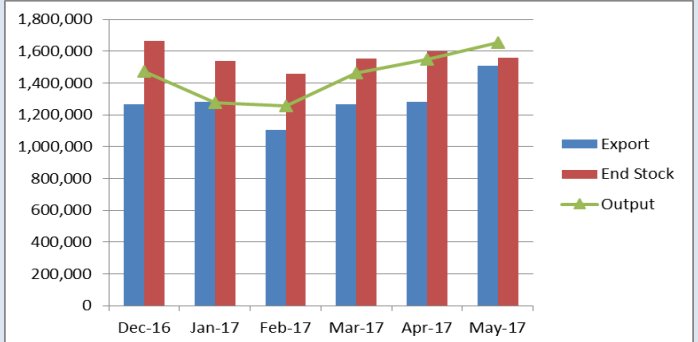
Exchange Rate

Currency	Last
USD/MYR	4.2675
USD/IDR	13,309
USDCNY	6.8014

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JUN17	n.a.	4199.79	n.a.
FOB CPO (Indo)	USD/mt	JUN17	n.a.	675.00	671.25
FOB RBD Palm Olein (M'sia)	USD/mt	JUN17	n.a.	690.00	687.50
FOB RBD Palm Oil (M'sia)	USD/mt	JUN17	n.a.	685.00	n.a.

MOB Demand and Supply Analysis (6 Month Comparison)

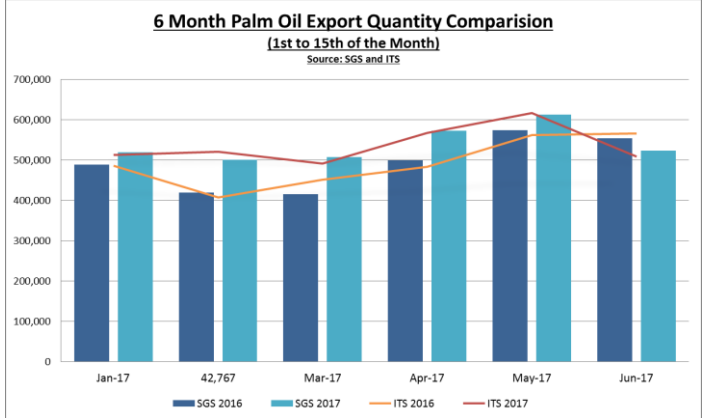


Demand and Supply Data

Date	Cargo Surveyor Figures			Cargo Surveyor Figures		
	ITS (in tonnes)			SGS (in tonnes)		
	May'17	Jun'17	Chg (%)	May'17	Jun'17	Chg (%)
First 10 days	346,920	366,994	5.8	359,355	367,165	2.2
First 15 days	617,697	508,960	-17.6	613,465	523,505	-14.7
First 20 days	846,705			852,628		
First 25 days	1,006,757			1,006,853		
Full month	1,306,374			1,310,320		

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Apr'17	May'17	MoM (%)	June'17	Chg (%)
Production	1,548,053	1,654,494	6.9	-	-
Export	1,283,308	1,505,929	17.3	-	-
Import	54,475	47,450	-12.9	-	-
Local Disapp	272,314	238,290	-12.5	-	-
Stock	1,599,894	1,557,619	-2.6	-	-
Stock/Use ratio	0.99	0.87	-12.5	-	-

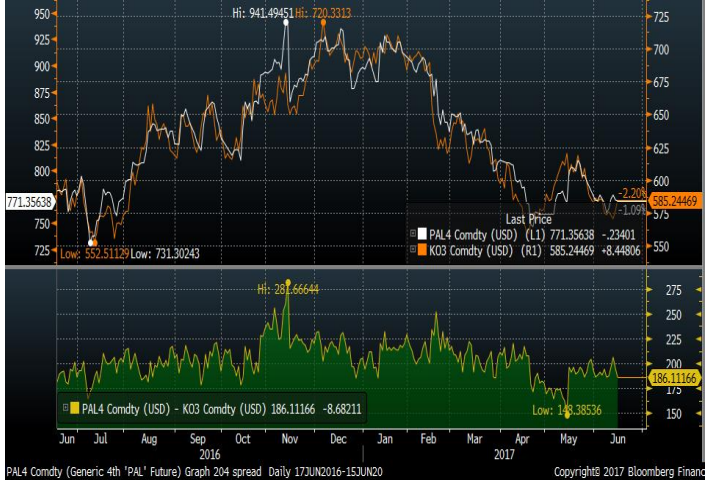
Export Quantity Analysis



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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