

FCPO Daily Commentary

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PALM FCPO AUG17 (2610, +1)

Our Call of The Day:

Mildly Bearish
17 May 2017

FCPO 3rd Month Daily Candle Chart



K03 Comdty (Generic 3rd 'K0' Future) G40 Daily 09MAY2016-16MAY2017 Copyright © 2017 Bloomberg Finance L.P. 17-May-2017 05:33:25

Market Commentary

Highlights:

- Palm oil gains on weaker production data
- CBOT soy rise on export deal, technical buying

Crude Palm Oil

Malaysian palm oil futures inched up on Tuesday, as traders took profits on Monday's rally, driven by a decline in palm oil production figures.

The benchmark August 17 contract rose RM1 to close at RM2,610 per tonne, prices were traded between RM2,583 and RM2,612 with total traded volume for palm stood at 45,865 lots.

Phillip Futures Sdn Bhd Analyst David Ng said positive Malaysian export numbers in line with seasonal demand ahead of the fasting month of Ramadan, was seen supporting the market in the near term, but concerns over rising production keep sentiment at bay.

The ringgit extended its gains against the dollar at 4.3200 on Tuesday on continuous demand for the local note. A stronger ringgit makes the tropical oil more expensive for holders of foreign currencies.

Southern Peninsula Palm Oil Millers' Association (SPPOMA) released data on Tuesday for May 1-15 showing a fall of 2.19 percent in production.

According to an industry body Solvent Extractors Association (SEA) said on Tuesday, the world's leading vegetable oil buyer, India's palm oil imports increased by 2.25 percent in April. India had imported 7,36,036 tonnes of palm oil in April 2017 and the country's total vegetable oil import grew by 7 percent to 13,39,489 tonnes in April 2017 from 12,48,887 tonnes of the previous year.

Today, we expect the palm price would stay consolidation with a downside bias as market sentiment showed a lack of direction throughout the previous sessions.

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)

Chicago Board of Trade soybean futures rose 1.1 percent on Tuesday, closing near session highs on signs of strong export demand and technical buying. Soybeans notched their biggest gain in percentage terms since May 1.

The U.S. Agriculture Department said on Tuesday morning that private exporters reported the sale of 132,000 tonnes of soybeans for delivery to unknown destinations during the 2016/17 marketing year.

In related market, soymeal futures also rose, with the benchmark July contract closing above its 20-day, 30-day and 40-day moving averages while soyoil futures were modestly lower, pressured by weakness in the crude oil market.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jun17	2,834	10	2,816	2,840	2,804	12,174	-691	1,067
Jul17	2,689	5	2,684	2,694	2,660	36,476	-1,943	9,431
Aug17	2,610	1	2,612	2,612	2,583	43,017	779	22,242
Sep17	2,559	0	2,562	2,562	2,532	33,617	373	4,711
Oct17	2,535	0	2,535	2,539	2,512	4,976	-308	2,619
Nov17	2,534	-5	2,534	2,537	2,511	29,058	-170	2,365
Jan18	2,560	1	2,561	2,561	2,542	10,202	137	1,460
Mar18	2,563	-9	2,567	2,575	2,557	14,544	85	453
May18	2,567	-3	2,574	2,575	2,558	12,587	0	377
Jul18	2,559	-9	2,565	2,574	2,555	5,151	87	218
Sep18	2,553	-14	2,565	2,566	2,552	3,080	23	251
Nov18	2,550	-15	2,565	2,565	2,550	1,771	-13	184
Jan19	2,558	-15	-	-	-	207	0	-
Mar19	2,558	-15	-	-	-	0	0	-
May19	2,558	-15	-	-	-	0	0	-
Total						206,860	-1,641	45,378

Spreads

Contract	Open	High	Low	Last	Vol
Jun17 / Jul17	140	148	135	145	335
Jul17 / Aug17	74	85	70	79	5,618
Aug17 / Sep17	48	52	46	51	3,018
Sep17 / Oct17	24	24	19	24	627

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	976.25	11.00
Soybean Oil	JUL17	33.01	-0.01
Soybean Meal	JUL17	317.00	4.50
Crude Oil	JUN17	48.66	-0.62
DCE Palm Oil	SEP17	5,494	6.00
DCE Soybean Oil	SEP17	6,030	48.00

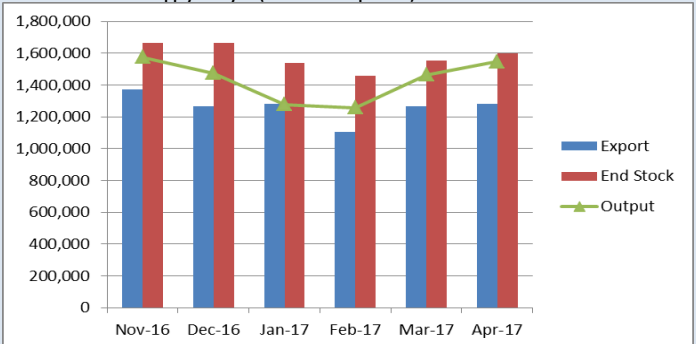
Exchange Rate

Currency	Last
USDMYR	4.3225
USDIDR	13,288
USDCNY	6.8704

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	MAY17	n.a.	4629.69	n.a.
FOB CPO (Indo)	USD/mt	MAY17	n.a.	695.00	691.25
FOB RBD Palm Olein (M'sia)	USD/mt	1-Jun	697.50	702.50	700.00
FOB RBD Palm Oil (M'sia)	USD/mt	MAY17	n.a.	697.50	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

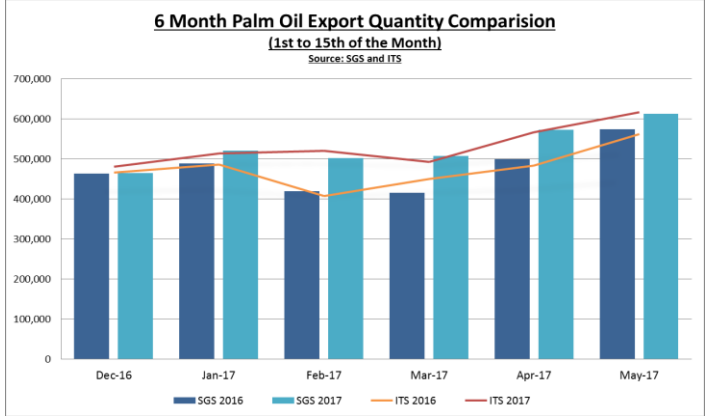


Demand and Supply Data

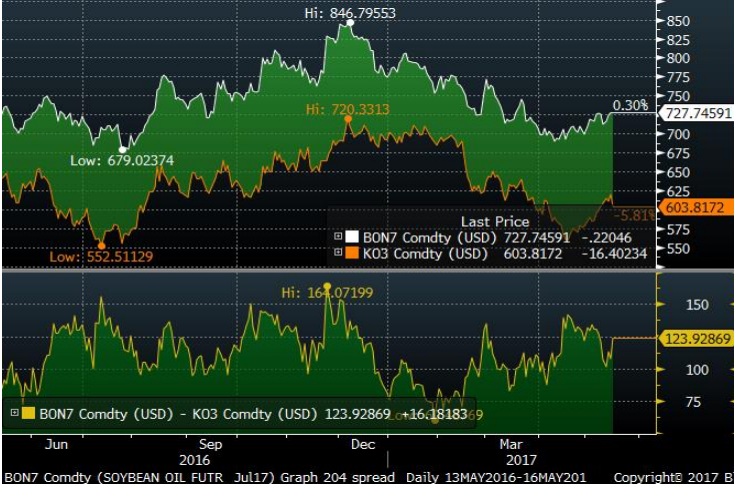
Date	ITS (in tonnes)			SGS (in tonnes)		
	Apr'17	May'17	Chg (%)	Apr'17	May'17	Chg (%)
First 10 days	307,249	346,920	12.9	312,489	359,355	15.0
First 15 days	567,280	617,697	8.9	572,910	613,465	7.1
First 20 days	705,372			719,175		
First 25 days	866,297			891,725		
Full month	1,125,942			1,135,340		

(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	0.99	0.99	0.7		

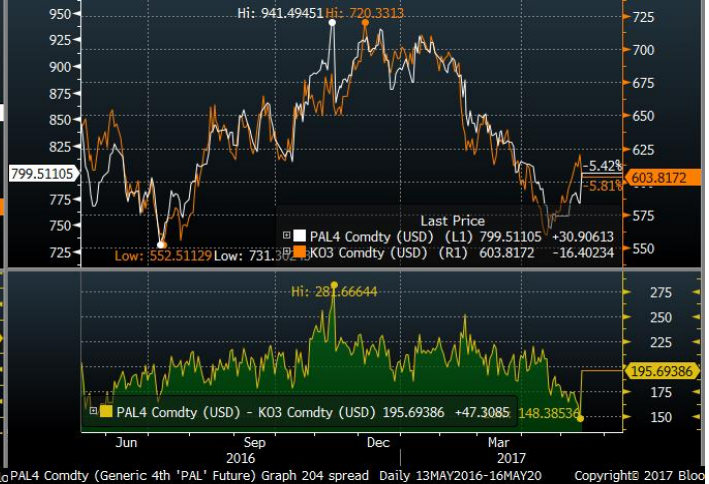
Export Quantity Analysis



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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