

FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (622533-U) (A member of PhillipCapital)

PALM FCPO AUG17 (2643, +33)

Our Call of The Day:

Mildly Bullish
18 May 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil gains on Ramadan demand
- CBOT soy end lower on profit -taking after 1-week high

Crude Palm Oil

Malaysian palm oil futures rose more than 1 percent on Wednesday, posted its sharpest daily gains in a week lifted by strong local and overseas demand ahead of Ramadan.

The benchmark August 17 contract rose RM33 to close at RM2,643 per tonne, prices were traded between RM2,598 and RM2,646 with total traded volume for palm stood at 52,291 lots.

Phillip Futures Sdn Bhd Analyst David Ng said traders expected a strong recovery in terms of production but the numbers were not favourable and therefore suggested production had still not recovered.

The ringgit closed lower against the dollar at 4.3210 on Wednesday on technical correction and mild profit-taking following its recent gains.

Palm oil market buoyed by stronger physical demand outlook as moving towards Ramadan and the Muslim festival month. In the first half of May, Malaysia palm oil shipments rose 7-8.9 percent, compared with the corresponding period in April.

While according to Solvent Extractors Association (SEA), the world's leading vegetable oil buyer, India's palm oil imports increased by 2.25 percent, imported 7,36,036 tonnes of palm oil in April 2017.

Today, we expect crude palm oil may continue moving upward as rising soy market overseas and weak ringgit may uplift some buying support for palm oil prices.

For the benchmark palm oil contract, we see support levels at RM2,600 and RM2,565 while resistance levels at RM2,675 and RM2,700.

Soybean (Reuters)

Chicago Board of Trade (CBOT) July soybean futures settled modestly lower on Wednesday, retreating on profit-taking after the July contract reached a one-week high.

Pressure noted from a setback in the Brazilian real that could stimulate soy sales by Brazilian farmers. The currency eased after a six-session advance that discouraged Brazilian farmers from selling dollar-denominated soybeans.

Ahead of the U.S. Department of Agriculture's weekly export sales report on Thursday, analysts surveyed by Reuters expected the government to report weekly soybean sales of 200,000 to 600,000 tonnes (old and new crop years combined).

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jun17	2,886	52	2,839	2,886	2,815	11,175	-999	1,786
Jul17	2,741	52	2,686	2,742	2,677	31,847	-4,629	5,679
Aug17	2,643	33	2,603	2,646	2,598	40,687	-2,330	25,279
Sep17	2,586	27	2,551	2,588	2,548	34,438	821	9,235
Oct17	2,562	27	2,535	2,564	2,525	6,257	1,281	4,317
Nov17	2,560	26	2,534	2,563	2,525	29,687	629	3,396
Jan18	2,586	26	2,554	2,587	2,554	10,229	27	1,246
Mar18	2,594	31	2,578	2,596	2,573	14,532	-12	548
May18	2,597	30	2,578	2,597	2,571	12,599	12	226
Jul18	2,585	26	2,574	2,593	2,570	5,175	24	121
Sep18	2,579	26	2,568	2,584	2,568	3,100	20	66
Nov18	2,586	36	2,565	2,586	2,565	2,012	241	346
Jan19	2,594	36	2,573	2,589	2,573	222	15	46
Mar19	2,594	36	-	-	-	0	0	-
May19	2,594	36	-	-	-	0	0	-
Total						201,960	-4,900	52,291

Spreads

Contract	Open	High	Low	Last	Vol
Jun17 / Jul17	142	148	139	146	1,137
Jul17 / Aug17	82	99	78	99	2,853
Aug17 / Sep17	51	58	50	58	5,973
Sep17 / Oct17	22	28	21	24	1,537

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	975.75	-0.50
Soybean Oil	JUL17	33.15	0.14
Soybean Meal	JUL17	315.30	-1.70
Crude Oil	JUN17	49.07	0.30
DCE Palm Oil	SEP17	5,514	20.00
DCE Soybean Oil	SEP17	6,018	-12.00

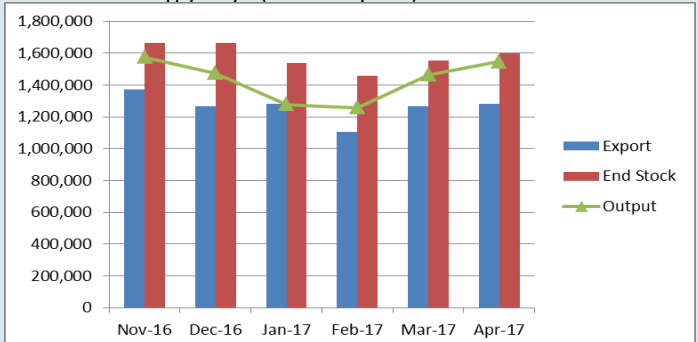
Exchange Rate

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.	4712.36	n.a.
FOB CPO (Indo)	USD/mt	JUN17	n.a.	707.50	703.75
FOB RBD Palm Olein (M'sia)	USD/mt	JUN17	710.00	712.50	711.25
FOB RBD Palm Oil (M'sia)	USD/mt	JUN17	n.a.	707.50	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

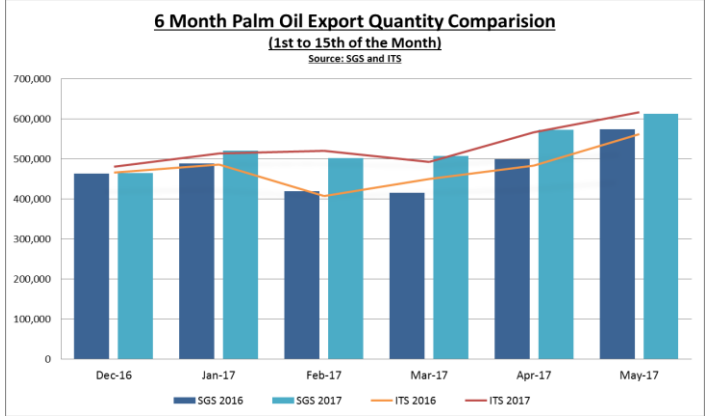


Demand and Supply Data

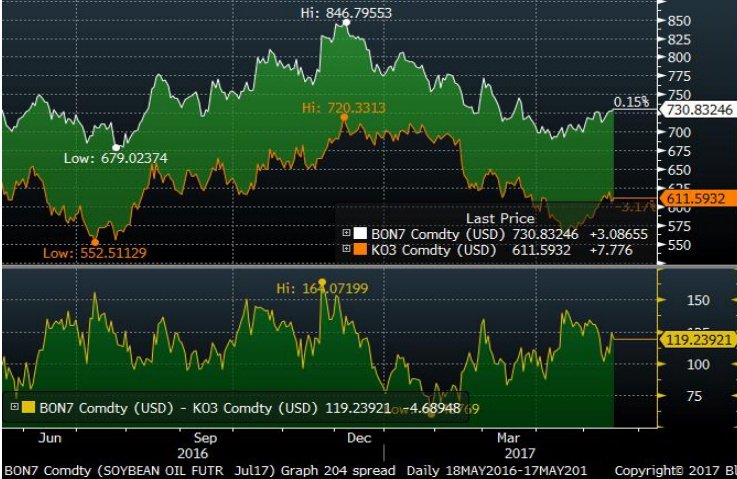
Date	ITS (in tonnes)			SGS (in tonnes)		
	Apr'17	May'17	Chg (%)	Apr'17	May'17	Chg (%)
First 10 days	307,249	346,920	12.9	312,489	359,355	15.0
First 15 days	567,280	617,697	8.9	572,910	613,465	7.1
First 20 days	705,372			719,175		
First 25 days	866,297			891,725		
Full month	1,125,942			1,135,340		

(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		

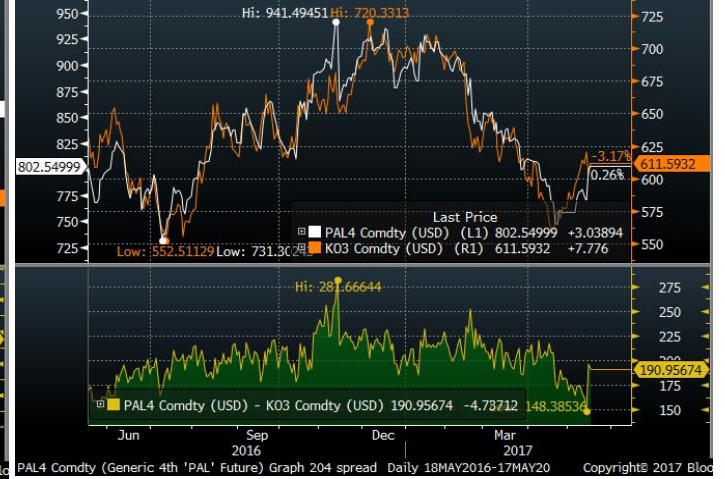
Export Quantity Analysis



Spread (CBOT Soyoil - BMD Crude Palm Oil)



Spread (DCE Palm Olein - BMD Crude Palm Oil)



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

Dealing Desk
pfsb_dealing@poems.com.my

CONTACT US:
 Kuala Lumpur Headquarters:
 (+603) 2711 0026
pfsb_research@poems.com.my

Johor - Taman Sutera Utama Branch:
 (+607) 5572188
pjfb@poems.com.my

Penang Branch:
 (+604) 2616822
pfg@poems.com.my

Malacca Branch:
 (+606) 2748711
pfrm@poems.com.my

Kota Damansara Branch:
 (+603) 26308688
phillipfutures@poems.com.my

Johor - Taman Molek Branch:
 (+607) 3525999
pjfb@poems.com.my

Kuching Branch:
 (+6082) 247633
pffc@poems.com.my

Official Website: www.phillipfutures.com.my
Facebook Page: www.facebook.com/PhillipFuturesSdnBhd

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