

# FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (662533-U) (A member of PhillipCapital)

## PALM FCPO OCT17 (2537, -14)

8 January 1900

### FCPO 3rd Month Daily Candle Chart



### Market Commentary

#### Highlights:

- Palm dips on firmer ringgit, expectations for rising output
- CBOT soy ease on technical selling

#### Crude Palm Oil

Malaysian palm oil futures slipped on Monday as a stronger ringgit and expectations for higher production offset data showing an increase in export shipments.

The benchmark October 17 down RM14 to RM2,537 per tonne, prices were traded between RM2,571 and RM2,536 with total traded volume for palm stood at 36,750 lots.

Phillip Futures Sdn Bhd Analyst David Ng said the market was expected to be sluggish as key major buyers like India may suffer lower demand amid uncertainty over imposition of goods and services tax in the country. However, a lower Malaysia export tax in August tax will augur well for demand in the near-term.

According to a government circular on Monday, Malaysia will lower its crude palm oil export tax to 5.5% in August from 6.5% in July.

The ringgit was last up 0.12 percent at 4.2860 per dollar, after earlier reaching a one-month high of 4.2800. A stronger ringgit usually makes the tropical oil more expensive for buyers holding foreign currencies.

According to cargo surveyor Intertek Testing Services, exports of Malaysian palm oil products for July 1-15 rose 17.8 percent to 599,414 tonnes, up from 508,906 tonnes shipped from June 1-15.

According to another cargo surveyor, Societe Generale de Surveillance, exports of Malaysian palm oil products for July 1-10 rose 17.6 percent to 615,671 tonnes, up from 523,505 tonnes shipped from June 1-15.

Today, palm oil prices is expected to trade lower tracking overnight fall in soyoil. The strengthening in Ringgit would continue to affect palm prices as palm becomes more expensive to foreign buyers.

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 slightly on Monday on chart-based selling and on pressure from declines in corn and wheat prices.

Our Call of The Day:

**Mildly Bearish**

18 July 2017

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

| Contract     | Last  | Change | Open  | High  | Low   | Open Interest  |               | Volume        |   |
|--------------|-------|--------|-------|-------|-------|----------------|---------------|---------------|---|
|              |       |        |       |       |       | Lots           | Changes       |               |   |
| Aug17        | 2,617 | -20    | 2,642 | 2,648 | 2,613 | 10,901         | 9,748         | 875           |   |
| Sep17        | 2,557 | -11    | 2,578 | 2,590 | 2,555 | 45,005         | 33,344        | 10,271        |   |
| Oct17        | 2,537 | -14    | 2,560 | 2,571 | 2,536 | 33,305         | -16,431       | 15,208        |   |
| Nov17        | 2,536 | -15    | 2,557 | 2,567 | 2,535 | 40,430         | 7,370         | 5,184         |   |
| Dec17        | 2,553 | -18    | 2,576 | 2,584 | 2,551 | 7,173          | -33,672       | 749           |   |
| Jan18        | 2,576 | -13    | 2,591 | 2,601 | 2,573 | 18,078         | 11,010        | 827           |   |
| Mar18        | 2,592 | -17    | 2,616 | 2,620 | 2,592 | 15,558         | -2,540        | 752           |   |
| May18        | 2,605 | -14    | 2,627 | 2,631 | 2,600 | 19,820         | 3,932         | 1,678         |   |
| Jul18        | 2,568 | -12    | 2,593 | 2,595 | 2,563 | 11,455         | -8,872        | 913           |   |
| Sep18        | 2,545 | -12    | 2,570 | 2,570 | 2,549 | 6,031          | -5,118        | 75            |   |
| Nov18        | 2,540 | -12    | 2,563 | 2,563 | 2,544 | 7,638          | 1,607         | 204           |   |
| Jan19        | 2,565 | -12    | -     | -     | -     | -              | 962           | -6,678        | 7 |
| Mar19        | 2,572 | -12    | -     | -     | -     | -              | 432           | -524          | 7 |
| May19        | 2,576 | -12    | -     | -     | -     | -              | 113           | -319          | - |
| Jul19        | 2,576 | -12    | -     | -     | -     | -              | 0             | -113          | - |
| <b>Total</b> |       |        |       |       |       | <b>216,901</b> | <b>-7,256</b> | <b>36,750</b> |   |

#### Spreads

| Contract      | Open | High | Low | Last | Vol   |
|---------------|------|------|-----|------|-------|
| Aug17 / Sep17 | 68   | 68   | 51  | 60   | 537   |
| Sep17 / Oct17 | 18   | 20   | 17  | 20   | 5,485 |
| Oct17 / Nov17 | -    | 3    | 1   | 1    | 2,475 |
| Nov17 / Dec17 | -19  | -16  | -19 | -17  | 71    |

#### Correlated Commodity Market

| Commodities     | Month | Last   | Change |
|-----------------|-------|--------|--------|
| Soybeans        | NOV17 | 997.50 | -4.00  |
| Soybean Oil     | DEC17 | 33.44  | -0.24  |
| Soybean Meal    | DEC17 | 329.50 | -1.70  |
| Crude Oil       | AUG17 | 46.02  | -0.56  |
| DCE Palm Oil    | SEP17 | 5,438  | 40.00  |
| DCE Soybean Oil | SEP17 | 6,086  | 32.00  |

#### Exchange Rate

| Currency | Last   |
|----------|--------|
| USDMYR   | 4.2878 |
| USDIDR   | 13,297 |
| USDCNY   | 6.7548 |

#### Physical Palm Oil Market

| Commodities                 | Unit   | Month | Bid    | Ask     | Value  |
|-----------------------------|--------|-------|--------|---------|--------|
| CPKO Local Delivery (M'sia) | RM/mt  | JUL17 | n.a.   | 4216.32 | n.a.   |
| FOB CPO (Indo)              | USD/mt | AUG17 | 637.50 | 642.50  | 640.00 |
| FOB RBD Palm Olein (M'sia)  | USD/mt | AUG17 | 642.50 | 647.50  | 645.00 |
| FOB RBD Palm Oil (M'sia)    | USD/mt | AUG17 | n.a.   | 642.50  | n.a.   |

#### MPOB Demand and Supply Analysis (6 Month Comparison)

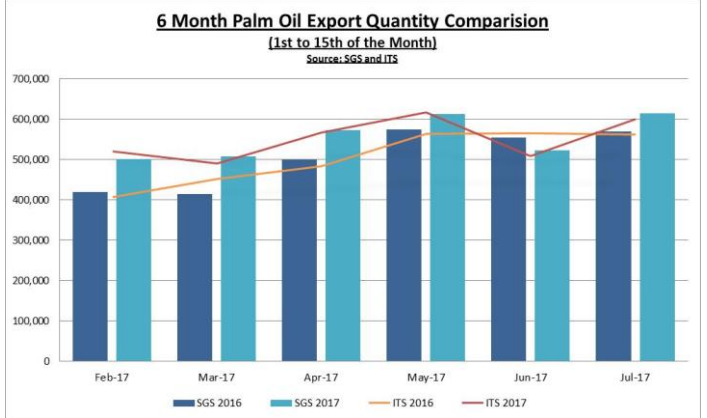


**Demand and Supply Data**

| Date          | 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         | 599,414 | 17.8    | 523,505         | 615,671 | 17.6    |
| 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    |               |         |

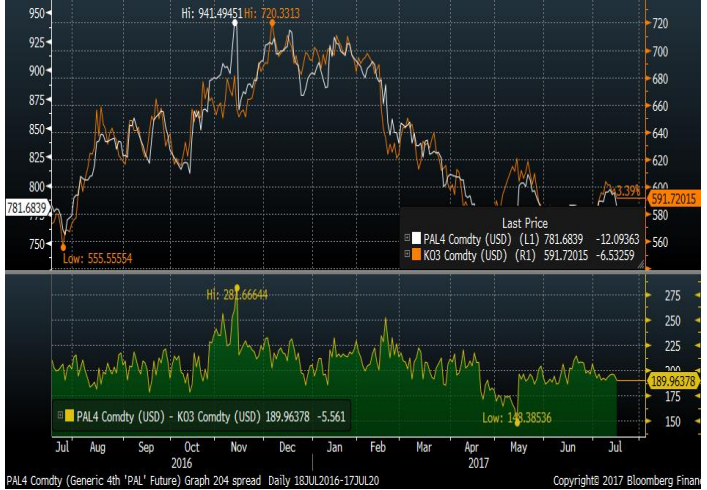
**Export Quantity Analysis**



**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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