

# FCPO Daily Commentary

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

## PALM FCPO AUG17 (2626, -17)

### FCPO 3rd Month Daily Candle Chart



K03 Comdty (Generic 3rd 'K0' Future) G40 Daily 18MAY2016-19MAY2017 Copyright© 2017 Bloomberg Finance L.P. 19-May-2017 05:41:40

### Market Commentary

#### Highlights:

- Palm oil drops tracking decline in soybean oil and Dalian palm oil.
- CBOT soy down 3 percent on tumbling Brazilian currency

#### Crude Palm Oil

Malaysian palm oil closed lower on Thursday, weighed down by weaker performing rival soy oils on China's Dalian Commodity Exchange and the Chicago Board of Trade.

The benchmark August 17 contract dropped RM17 to close at RM2,626 per tonne, prices were traded between RM2,611 and RM2,642 with total traded volume for palm stood at 53,372 lots.

Phillip Futures Sdn Bhd Analyst David Ng said the stronger ringgit may curb short-term demand.

Accordingly to a Reuter survey, the largest palm oil producer, Indonesia's crude palm oil production likely decrease to 2.90 million tonnes in April from 3.08 million tonnes in March. While exports were estimated to increase to 2.16 million tonnes and domestic consumption was forecast to rise to 867,000 tonnes in April.

Today, we expect crude palm oil to trade lower as overnight soybean and soyoil market dropped more than 3 percent due to Brazil bribe scandal. However, strong fundamentals with improving export demand could limit the losses.

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 soybean futures fell more than 3 percent on Thursday as Brazil's currency plunged, raising expectations that Brazilian farmers would increase sales of their record-large soy crop.

The Brazilian real sank 7 percent following corruption allegations against Brazilian President Michel Temer and news that Brazil's Supreme Court authorized an investigation. Soybeans are priced in U.S. dollars, and because Brazilian farmers are paid in the domestic currency, a weaker real means farmers earn more money for their crop.

The U.S. Department of Agriculture reported export sales of U.S. soybeans in the latest week at 396,800 tonnes (old and new marketing years combined), in line with trade expectations for 200,000 to 600,000 tonnes.

Our Call of The Day:

**Mildly Bearish**  
19 May 2017

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jun17	2,871	-15	2,873	2,899	2,863	10,058	-1,117	1,515
Jul17	2,747	6	2,726	2,752	2,718	27,439	-4,408	7,702
Aug17	2,626	-17	2,626	2,642	2,611	43,893	3,206	26,313
Sep17	2,563	-23	2,566	2,605	2,550	34,763	325	7,631
Oct17	2,537	-25	2,550	2,554	2,524	6,330	73	1,510
Nov17	2,536	-24	2,543	2,553	2,524	29,386	-301	4,069
Jan18	2,562	-24	2,573	2,578	2,542	10,016	-213	2,112
Mar18	2,575	-19	2,588	2,588	2,565	15,146	614	1,725
May18	2,572	-25	2,587	2,588	2,568	12,604	5	441
Jul18	2,568	-17	2,582	2,585	2,563	5,205	30	195
Sep18	2,562	-17	2,579	2,579	2,560	3,105	5	79
Nov18	2,559	-27	2,570	2,570	2,559	2,006	-6	43
Jan19	2,567	-27	2,578	2,578	2,578	212	-10	37
Mar19	2,567	-27	-	-	-	0	0	-
May19	2,567	-27	-	-	-	0	0	-
<b>Total</b>						<b>200,163</b>	<b>1,777</b>	<b>53,372</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Jun17 / Jul17	147	152	125	124	560
Jul17 / Aug17	98	123	96	121	5,063
Aug17 / Sep17	57	68	56	63	3,249
Sep17 / Oct17	24	28	24	26	490

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	944.75	-31.00
Soybean Oil	JUL17	32.44	-0.71
Soybean Meal	JUL17	307.50	-7.80
Crude Oil	JUL17	49.66	0.25
DCE Palm Oil	SEP17	5,514	0.00
DCE Soybean Oil	SEP17	6,018	0.00

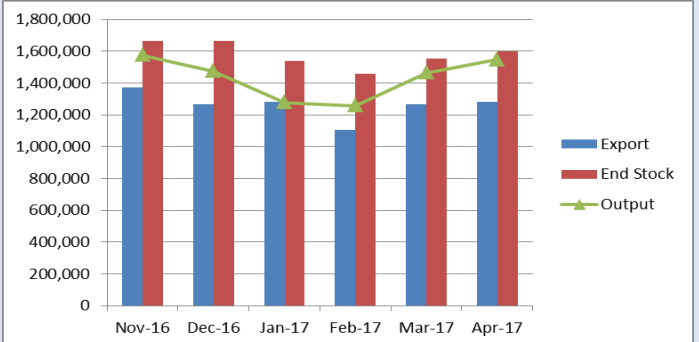
#### Exchange Rate

Currency	Last
USDMYR	4.3343
USDIDR	13,392
USDCNY	6.8739

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	MAY17	n.a.	4844.64	n.a.
FOB CPO (Indo)	USD/mt	JUN17	n.a.	705.00	695.00
FOB RBD Palm Olein (M'sia)	USD/mt	JUN17	707.50	710.00	708.75
FOB RBD Palm Oil (M'sia)	USD/mt	JUN17	n.a.	705.00	n.a.

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

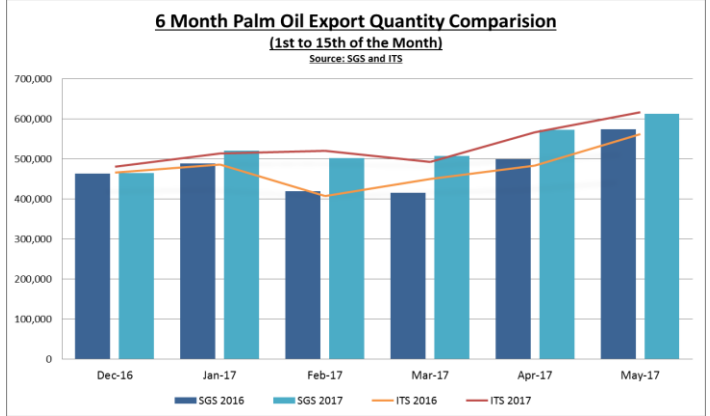


**Demand and Supply Data**

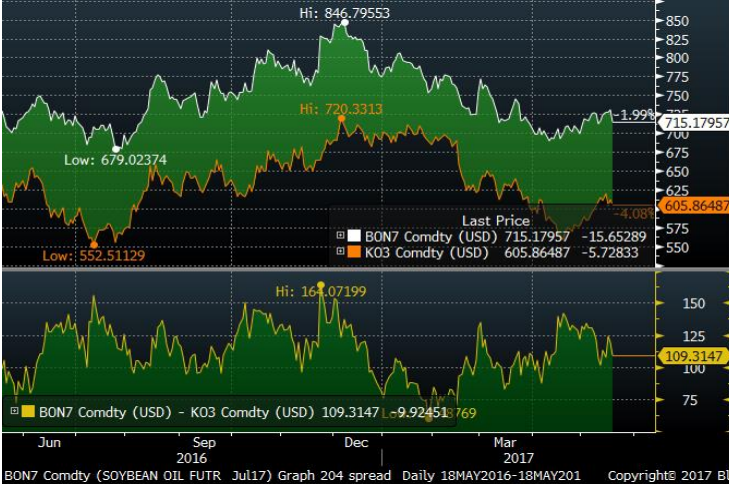
Date	ITS (in tonnes)			SGS (in tonnes)		
	Apr'17	May'17	Chg (%)	Apr'17	May'17	Chg (%)
First 10 days	307,249	346,920	12.9	312,489	359,355	15.0
First 15 days	567,280	617,697	8.9	572,910	613,465	7.1
First 20 days	705,372			719,175		
First 25 days	866,297			891,725		
Full month	1,125,942			1,135,340		

(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	0.99	0.99	0.7		

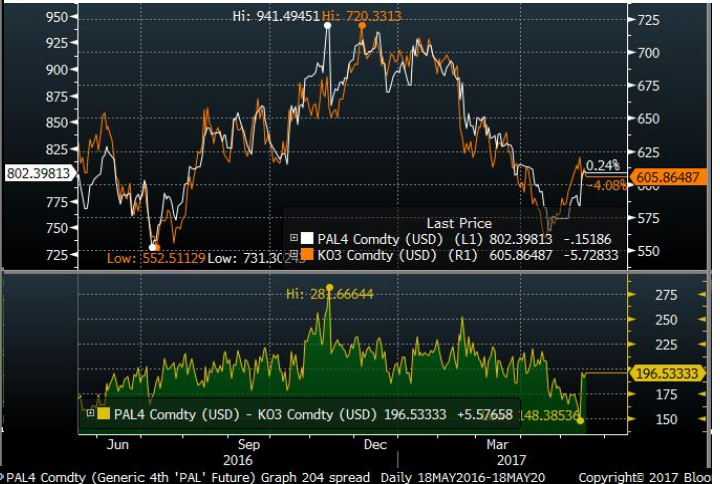
**Export Quantity Analysis**



**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](mailto:pfsb_dealing@poems.com.my)

**CONTACT US:**  
 Kuala Lumpur Headquarters:  
 (+603) 2711 0026  
[pfsb\\_research@poems.com.my](mailto:pfsb_research@poems.com.my)

**Johor - Taman Sutera Utama Branch:**  
 (+607) 5572188  
[pfbj@poems.com.my](mailto:pfbj@poems.com.my)

**Penang Branch:**  
 (+604) 2616822  
[pfp@poems.com.my](mailto:pfp@poems.com.my)

**Malacca Branch:**  
 (+606) 2748711  
[pfmk@poems.com.my](mailto:pfmk@poems.com.my)

**Kota Damansara Branch:**  
 (+603) 26308688  
[phillipfutures@poems.com.my](mailto:phillipfutures@poems.com.my)

**Johor - Taman Molek Branch:**  
 (+607) 3525999  
[pfbj@poems.com.my](mailto:pfbj@poems.com.my)

**Kuching Branch:**  
 (+6082) 247633  
[pffc@poems.com.my](mailto:pffc@poems.com.my)

**Official Website:** [www.phillipfutures.com.my](http://www.phillipfutures.com.my)  
**Facebook Page:** [www.facebook.com/PhillipFuturesSdnBhd](http://www.facebook.com/PhillipFuturesSdnBhd)

**DISCLAIMER**  
 This publication is solely for information only. It should not be construed as an offer or solicitation for the subscription, purchase or sale of the futures contracts mentioned herein. The publication has been prepared by Phillip Futures Sdn Bhd on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst we have taken all reasonable care to ensure that the information contained in this publication is accurate and the opinions are fair and reasonable, it does not guarantee the accuracy or completeness of this publication. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of any person or group of persons acting on such information and advice. This publication was prepared without regard to your specific investment objectives, financial situation or particular needs. Whilst views and advice given are in good faith, you should not regard the publication as a substitute for the exercise of your own judgement and should seek other professional advice for your specific investment needs or financial situations.