

FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (62533-U) (A member of PhillipCapital)

PALM FCPO JUL17 (2465, -8)

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil fell for 6th consecutive session, tracking weaker rival oils.
- CBOT soy rose on bargain buying and short-covering.

Crude Palm Oil

Malaysian palm oil futures hit an 8-month low on Wednesday, in a sixth consecutive session of declines, tracking weaker related edible oils and on expectations of rising production and weaker exports.

The benchmark July 17 contract dropped RM8 to close at RM2,465 per tonne, prices were traded between RM2,482 and RM2,450 with total traded volume for palm stood at 62,923 lots.

Palm oil is impacted by movements in rival edible oils which compete for a share of the global market. The weaker soyoil and further declines in Dalian olein kept buyers at bay.

Palm oil prices have been on a steady decline in recent weeks - giving up nearly 7 percent so far this month - as traders sold on concerns of rising output. Production in Malaysia and Indonesia, which produce about 85 percent of the world's palm oil, is expected to recover as the lingering effects of a crop-damaging El Nino wear off.

Phillip Futures Sdn Bhd Derivative Dealer, David Ng, said the demand for the vegetable oil in April was expected to decline ahead of the Ramadan fasting month, suggesting a weaker momentum after the recent seasonal buying.

International crude oil slumped to a two-week low on Wednesday, after U.S. data showed a smaller-than-expected drop in overall crude stocks and a surprising build in gasoline inventories, which raised worries about excessively high global supply.

Today, palm price is likely to trade in a bullish tone as tracking the stronger rival soyoil. However, our strengthening local currency may weigh on the ringgit-denominated cooking oil.

For the benchmark palm oil contract, we see support levels at RM2,405 and RM2,338 while resistance levels at RM2,560 and RM2,625.

Soybean (Reuters)

Chicago Board of Trade soybean futures rose on Wednesday on bargain buying, including short-covering after some concerns arose about the Argentine crop.

Analysts said that the crops from Argentina will be smaller than expected and Brazilian farmers continue to hold onto soybeans as prices remain low.

Trade estimates for weekly soybean export sales, which will be released on Thursday night (MYT) by the U.S. Department of Agriculture, ranged from 400,000 to 800,000 tonnes, in line with a week ago.

CBOT May soybean closed down \$1.40 at \$310.80 per short ton while CBOT May soyoil ended up 0.44 cent at 31.58 cents per lb.

Our Call of The Day:

Mildly Bullish
20 April 2017

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
May17	2,584	-13	2,585	2,610	2,574	9,448	-847	1,912
Jun17	2,513	-7	2,505	2,532	2,498	27,591	-2,023	6,876
Jul17	2,465	-8	2,458	2,482	2,450	49,974	1,022	29,217
Aug17	2,433	-11	2,429	2,449	2,421	33,629	1,042	8,526
Sep17	2,423	-9	2,420	2,437	2,412	31,187	-754	5,633
Oct17	2,428	-6	2,421	2,436	2,414	1,848	1,324	1,997
Nov17	2,431	-5	2,423	2,437	2,417	27,056	-160	1,639
Jan18	2,463	-12	2,455	2,469	2,447	9,049	377	1,665
Mar18	2,482	-11	2,474	2,488	2,473	14,750	-25	2,683
May18	2,486	-11	2,481	2,491	2,478	12,264	315	1,781
Jul18	2,487	-5	2,476	2,487	2,475	3,290	244	466
Sep18	2,485	-5	2,475	2,486	2,474	2,269	201	377
Nov18	2,478	-5	2,473	2,486	2,473	904	54	151
Jan19	2,478	-5	-	-	-	16	0	-
Mar19	2,478	-5	-	-	-	0	0	-
Total						223,275	770	62,923

Spreads

Contract	Open	High	Low	Last	Vol
May17 / Jun17	74	80	71	71	942
Jun17 / Jul17	47	50	46	48	4,170
Jul17 / Aug17	30	33	28	32	4,517
Aug17 / Sep17	8	14	6	10	1,861

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	960.50	4.25
Soybean Oil	JUL17	31.79	0.41
Soybean Meal	JUL17	315.20	-1.40
Crude Oil	MAY17	50.44	-1.83
DCE Palm Oil	SEP17	5,122	-88.00
DCE Soybean Oil	SEP17	5,814	-138.00

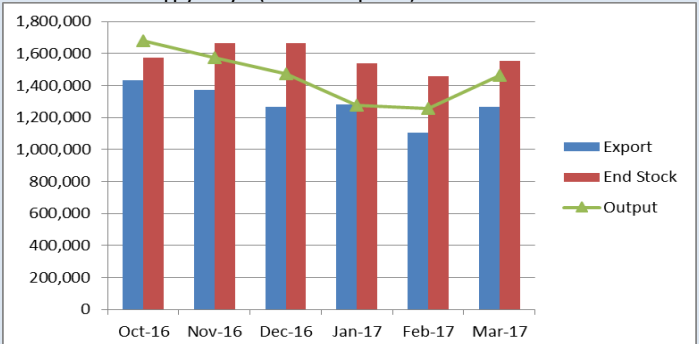
Exchange Rate

Currency	Last
USDMYR	4.4010
USDIDR	13,298
USDCNY	6.8833

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	APR17	n.a.	3968.30	n.a.
FOB CPO (Indo)	USD/mt	MAY17	n.a.	660.00	656.25
FOB RBD Palm Olein (M'sia)	USD/mt	MAY17	n.a.	670.00	667.50
FOB RBD Palm Oil (M'sia)	USD/mt	MAY17	n.a.	667.50	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

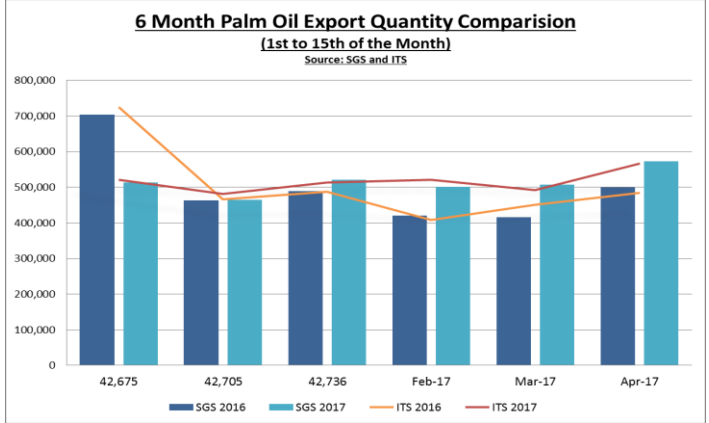


Demand and Supply Data

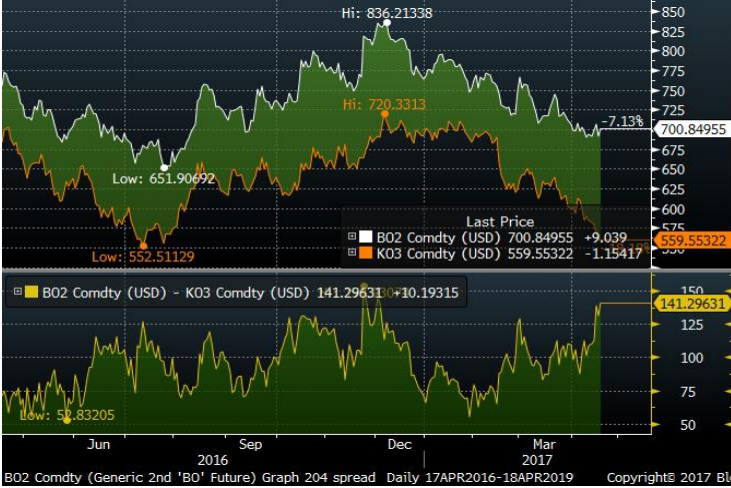
Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)		Chg (%)	Mar'17	Apr'17	Chg (%)
First 10 days	254,141	307,249	20.9	250,481	312,489	24.8
First 15 days	492,321	567,280	15.2	507,491	572,910	12.9
First 20 days	711,286			686,741		
First 25 days	896,621			902,628		
Full month	1,076,240			1,088,677		

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Feb'17	Mar'17	MoM (%)	Apr'17	Chg (%)
Production	1,258,539	1,464,021	16.3		
Export	1,107,018	1,265,771	14.3		
Import	40,331	101,961	152.8		
Local Disapp	273,884	205,370	-25.0		
Stock	1,459,265	1,554,106	6.5		
Stock/Use ratio	1.06	1.06	0.0		

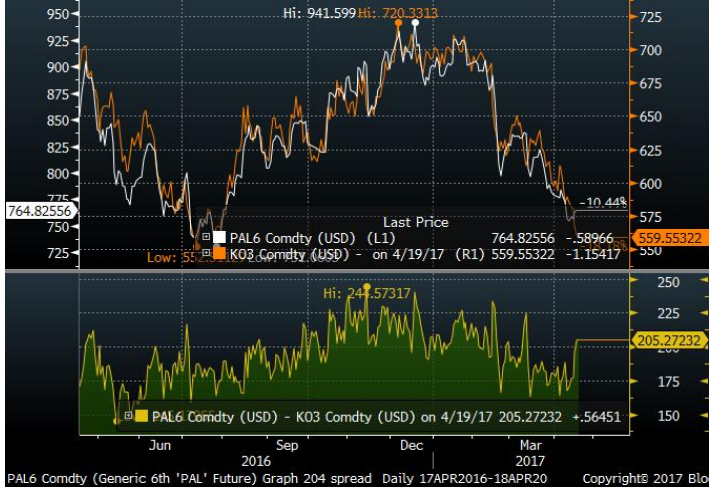
Export Quantity Analysis



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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