

# FCPO Daily Commentary

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## PALM FCPO SEP17 (2488, +4)

Our Call of The Day:

**Mildly Bearish**  
20 June 2017

### FCPO 3rd Month Daily Candle Chart



#### Market Commentary

##### Highlights:

- Palm oil hits two-week high despite slowing exports forecast.
- CBOT soybean retreat on improving U.S. weather, declines in corn.

#### Crude Palm Oil

Malaysian palm oil futures rose to their highest in two weeks on Monday in a fourth consecutive session of gains, tracking other edible oils and on forecasts of lower end-stocks in Indonesia.

The benchmark September 17 gained RM4 to RM2,488 per tonne, prices were traded between RM2,515 and RM2,484 with total traded volume for palm stood at 50,055 lots.

Phillip Futures Sdn Bhd Dealer, David Ng said CPO futures retreated earlier gains as market digest possibility of a weaker export demand in coming days and weaker currency while post-Ramadan festival was taking a toll in terms of demand.

According to a Kuala Lumpur-based trader, crude palm oil is up this morning on the external market, referring to soyoil on the Chicago Board of Trade and China's Dalian Commodity Exchange.

The market, however, shed some gains in the second half of Monday's trading session, as traders sold on forecasts of slowing exports. Demand for the oil typically slows down before Ramadan ends, as buyers stock up the month before.

Today, palm oil prices are most likely to trade lower, tracking the overnight weakness in the US soyoil market. However, the weaker ringgit may support prices.

For the benchmark palm oil contract, we see support levels at RM2,455 and RM2,420 while resistance levels at RM2,522 and RM2,550.

#### Soybean (Reuters)

Chicago Board of Trade soybean futures closed lower on Monday, reversing from early strength as corn fell to session lows toward the closing bell.

Forecasts for improving U.S. crop weather, including rains expected in the Midwest this week, pressured both markets.

Ahead of the U.S. Department of Agriculture's weekly crop progress report, analysts surveyed by Reuters expected the government to rate 68 percent of the U.S. soybean crop in good to excellent condition, up 2 percentage points from a week earlier.

The USDA reported export inspections of U.S. soybeans in the latest week at 275,461 tonnes, in line with trade estimates for 200,000 to 400,000 tonnes.

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jul17	2,640	-16	2,682	2,699	2,638	8,123	-1,633	1,570
Aug17	2,532	-4	2,552	2,568	2,529	28,960	-1,990	7,445
Sep17	2,488	4	2,499	2,515	2,484	51,153	1,135	19,811
Oct17	2,470	5	2,479	2,492	2,468	21,846	-247	8,504
Nov17	2,472	4	2,480	2,492	2,471	32,662	721	4,033
Dec17	2,486	3	2,493	2,506	2,484	1,072	813	1,655
Jan18	2,509	8	2,511	2,526	2,506	18,273	-270	2,624
Mar18	2,530	11	2,532	2,545	2,527	15,878	-64	1,349
May18	2,537	17	2,542	2,550	2,537	16,124	343	1,095
Jul18	2,522	18	2,528	2,534	2,520	7,568	233	451
Sep18	2,515	18	2,522	2,529	2,514	4,632	78	473
Nov18	2,513	11	2,518	2,528	2,512	6,235	219	1,015
Jan19	2,536	21	2,543	2,543	2,542	303	-6	24
Mar19	2,541	21	-	-	-	7	0	4
May19	2,548	21	-	-	-	7	0	2
<b>Total</b>						<b>212,843</b>	<b>-668</b>	<b>50,055</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Jul17 / Aug17	117	136	106	108	1,160
Aug17 / Sep17	54	56	44	44	4,422
Sep17 / Oct17	20	23	16	18	3,480
Oct17 / Nov17	-2	-1	-3	-2	1,885

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	948.50	-1.50
Soybean Oil	DEC17	33.40	-0.25
Soybean Meal	DEC17	307.30	0.10
Crude Oil	JUL17	44.20	-0.60
DCE Palm Oil	SEP17	5,366	58.00
DCE Soybean Oil	SEP17	5,914	28.00

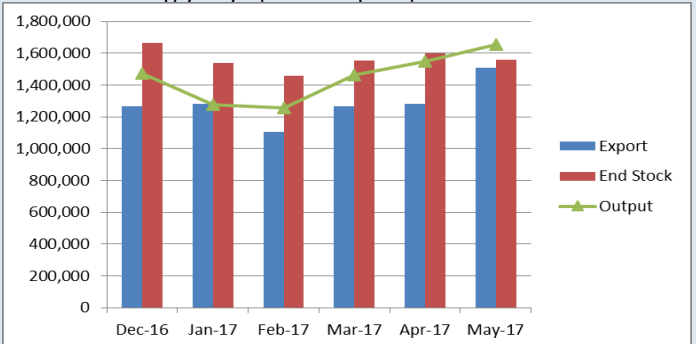
#### Exchange Rate

Currency	Last
USDMYR	4.2815
USDIDR	13,293
USDCNY	6.8059

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JUN17	n.a.	4282.46	n.a.
FOB CPO (Indo)	USD/mt	JUL17	660.00	670.00	665.00
FOB RBD Palm Olein (M'sia)	USD/mt	JUL17	665.00	675.00	670.00
FOB RBD Palm Oil (M'sia)	USD/mt	JUL17	n.a.	670.00	n.a.

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

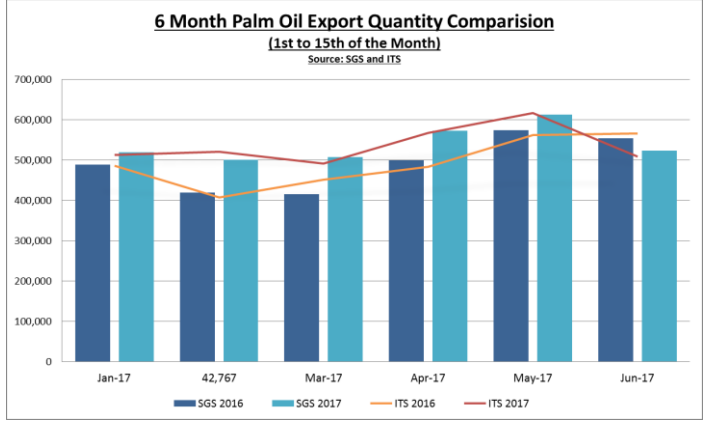


**Demand and Supply Data**

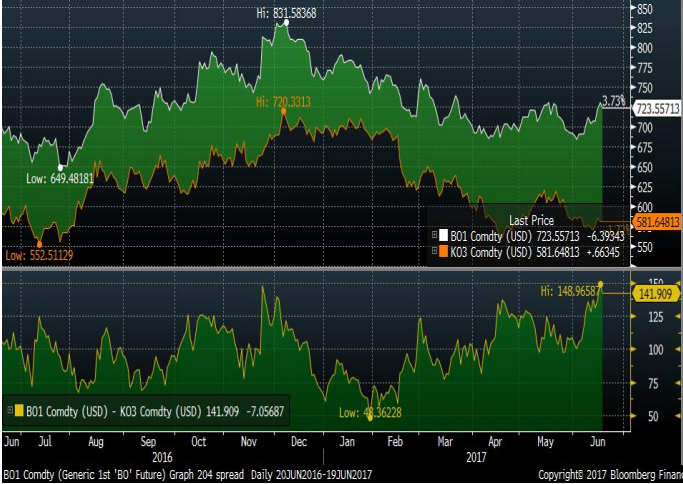
Date	ITS (in tonnes)			SGS (in tonnes)		
	May'17	Jun'17	Chg (%)	May'17	Jun'17	Chg (%)
First 10 days	346,920	366,994	5.8	359,355	367,165	2.2
First 15 days	617,697	508,960	-17.6	613,465	523,505	-14.7
First 20 days	846,705			852,628		
First 25 days	1,006,757			1,006,853		
Full month	1,306,374			1,310,320		

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Apr'17	May'17	MoM (%)	June'17	Chg (%)
Production	1,548,053	1,654,494	6.9	-	-
Export	1,283,308	1,505,929	17.3	-	-
Import	54,475	47,450	-12.9	-	-
Local Disapp	272,314	238,290	-12.5	-	-
Stock	1,599,894	1,557,619	-2.6	-	-
Stock/Use ratio	0.99	0.87	-12.5	-	-

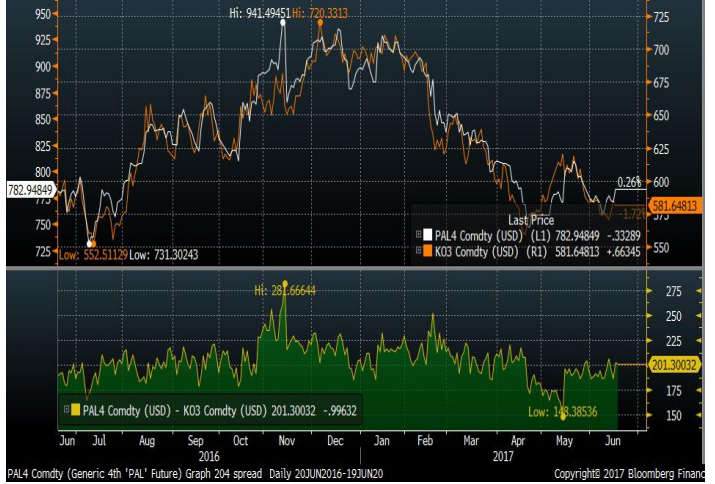
**Export Quantity Analysis**



**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  
pfjb@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  
pfjb@poems.com.my

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

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

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