

FCPO Daily Commentary

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

PALM FCPO JUL17 (2504, +39)

Our Call of The Day:

Mildly Bullish
21 April 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm rose for the first time after six losing sessions on technical correction and stronger rival oil.
- CBOT soy fell on weak export data and moisturizing weather.

Crude Palm Oil

Malaysian palm oil futures recorded their biggest daily gain in two weeks on Thursday, ending six sessions of losses as they tracked strength in soyoil and were helped by a technical correction.

The benchmark July 17 contract rose RM39 to close at RM2,504 per tonne, prices were traded between RM2,505 and RM2,474 with total traded volume for palm stood at 64,542 lots.

Palm oil exports between April 1-20 had come in weaker than expected, with traders forecasting stronger gains on the month ahead of Ramadan, the Muslim holy month of fasting. According to data from cargo surveyor Intertek Testing Services (ITS), palm oil shipments from Malaysia, the world's largest producer after Indonesia, fell 1 percent during April 1-20 compared with a month earlier. Another surveyor Societe Generale de Surveillance (SGS) data, however, showed a 4.7 percent gain in the same period.

Phillip Futures Sdn Bhd Derivative Product Specialist, David Ng, said Ramadan typically sees higher consumption of palm oil for cooking purposes in regions such as India and the Middle East, as day-long fasts end with communal feasting. He added that the palm oil price was also affected by the soybean oil market as it was influenced by movements in rival edible oils as they compete for a share in the global vegetable oils market.

International oil prices ended mixed on Thursday after a seesaw trading session, as investors weighed rising U.S. production against geopolitical uncertainties and comments from leading Gulf oil producers that an extension to OPEC-led supply cuts was likely.

Today, palm price is likely to continue its upside correction. However, market sentiment remains bearish on the recovering output in 2H.

For the benchmark palm oil contract, we see support levels at RM2,474 and RM2,405 while resistance levels at RM2,560 and RM2,625.

Soybean (Reuters)

Soybean futures on the Chicago Board of Trade (CBOT) closed down on Thursday on weak export data. Wet weather in the U.S. Midwest, which could boost soybean acreage if corn planting is delayed, added pressure to futures.

The U.S. Department of Agriculture (USDA) reported export sales of U.S. soybeans in the latest week at 225,000 tonnes (old and new crop years combined), below trade estimates for 400,000 to 800,000 tonnes.

The USDA reported weekly soybean export sales at 135,100 tonnes (old and new crop years combined) and soyoil sales at 33,200 tonnes (all old-crop), both in line with trade expectations.

Brazilian industry group Abiove raised its forecast of the country's 2016-17 soybean harvest to 107.7 million tonnes, up from 107.3 million in March.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
May17	2,639	55	2,599	2,641	2,599	7,669	-1,779	1,688
Jun17	2,558	45	2,525	2,559	2,525	25,211	-2,380	8,008
Jul17	2,504	39	2,477	2,505	2,474	48,458	-1,516	30,260
Aug17	2,471	38	2,445	2,472	2,445	36,262	2,633	12,307
Sep17	2,460	37	2,435	2,462	2,435	29,878	-1,309	6,080
Oct17	2,460	32	2,450	2,461	2,450	1,737	-111	665
Nov17	2,460	29	2,443	2,465	2,442	27,224	168	2,556
Jan18	2,494	31	2,476	2,494	2,476	8,999	-50	665
Mar18	2,513	31	2,495	2,513	2,495	14,672	-78	393
May18	2,512	26	2,497	2,516	2,497	12,310	46	355
Jul18	2,512	25	2,495	2,517	2,495	3,817	527	696
Sep18	2,510	25	2,495	2,515	2,495	2,571	302	564
Nov18	2,505	27	2,505	2,505	2,503	1,176	272	305
Jan19	2,505	27	-	-	-	16	0	-
Mar19	2,505	27	-	-	-	0	0	-
Total						220,000	-3,275	64,542

Spreads

Contract	Open	High	Low	Last	Vol
May17 / Jun17	74	82	72	81	898
Jun17 / Jul17	47	55	46	54	4,207
Jul17 / Aug17	31	34	29	33	8,267
Aug17 / Sep17	10	12	8	11	1,680

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	956.75	-3.75
Soybean Oil	JUL17	32.12	0.33
Soybean Meal	JUL17	311.90	-3.30
Crude Oil	JUN17	50.71	-0.12
DCE Palm Oil	SEP17	5,126	4.00
DCE Soybean Oil	SEP17	5,800	-14.00

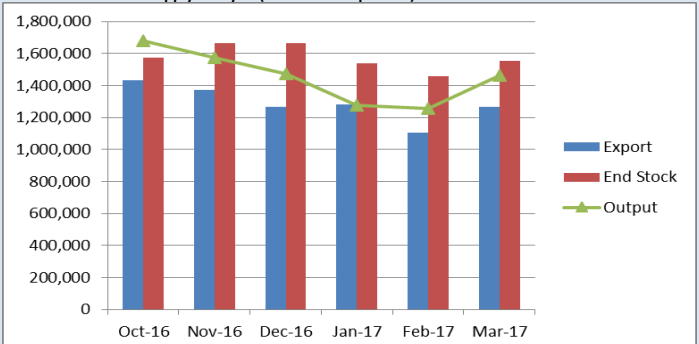
Exchange Rate

Currency	Last
USDMYR	4.3985
USDIDR	13,321
USDCNY	6.8839

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	APR17	n.a.	4133.65	n.a.
FOB CPO (Indo)	USD/mt	MAY17	n.a.	667.50	663.75
FOB RBD Palm Olein (M'sia)	USD/mt	MAY17	670.00	675.00	672.50
FOB RBD Palm Oil (M'sia)	USD/mt	MAY17	n.a.	672.50	n.a.

MOB Demand and Supply Analysis (6 Month Comparison)

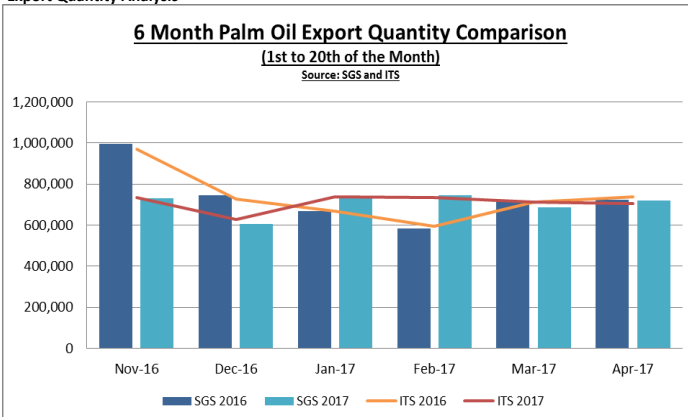


Demand and Supply Data

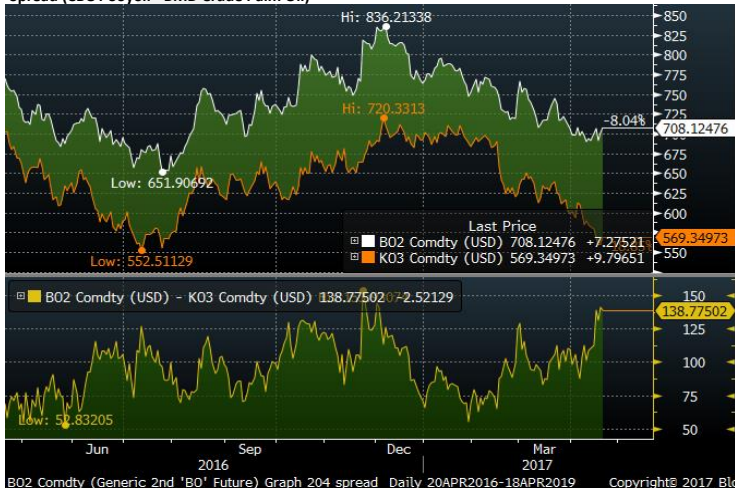
Date	ITS (in tonnes)			SGS (in tonnes)		
	Mar'17	Apr'17	Chg (%)	Mar'17	Apr'17	Chg (%)
First 10 days	254,141	307,249	20.9	250,481	312,489	24.8
First 15 days	492,321	567,280	15.2	507,491	572,910	12.9
First 20 days	711,286	705,372	-0.8	686,741	719,175	4.7
First 25 days	896,621			902,628		
Full month	1,076,240			1,088,677		

Malaysia Palm Oil Board Data (MPOB)				PFSB Forecast	
(in tonnes)	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		

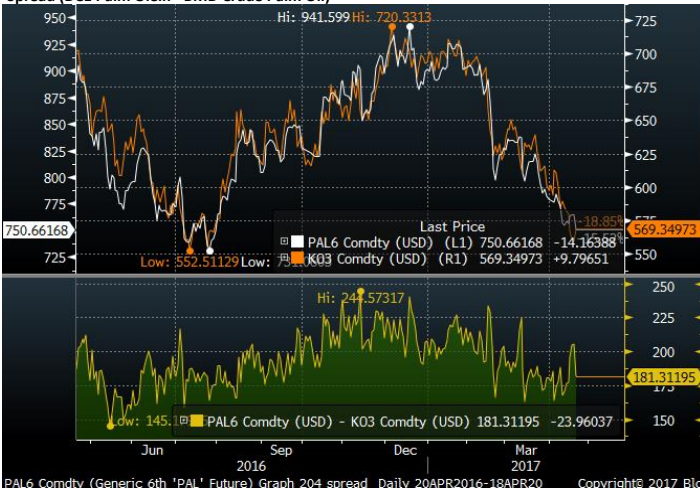
Export Quantity Analysis



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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