

FCPO Daily Commentary

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

PALM FCPO SEP17 (2466, -22)

Our Call of The Day:

Bearish
21 June 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm sees sharpest daily drop in a week, tracks rival oils.
- CBOT soybean sag following corn, broad declines in commodities.

Crude Palm Oil

Malaysian palm oil futures snapped four consecutive sessions of gains on Tuesday to record their sharpest daily drop in a week as the market tracked a weaker performance in rival oils and on the back of slow export demand.

The benchmark September 17 pared RM22 to RM2,466 per tonne, prices were traded between RM2,485 and RM2,451 with total traded volume for palm stood at 51,507 lots.

Phillip Futures Sdn Bhd Dealer, David Ng said the local market ended lower on projected weaker demand post-Ramadan.

According to a Kuala Lumpur-based trader, palm oil declined as it was dragged down by a weaker overnight market, and partly on export weakness.

Demand for the tropical oil is also seen weakening in June following the end of the Muslim Ramadan season. Shipments fell 14.8 percent during June 1-20 versus the corresponding period last month, according to data from cargo surveyor Intertek Testing Services on Tuesday.

Another cargo surveyor, Societe Generale de Surveillance, reported a 16.7 percent drop in exports for the same time period.

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

For the benchmark palm oil contract, we see support levels at RM2,445 and RM2,420 while resistance levels at RM2,500 and RM2,522.

Soybean (Reuters)

Chicago Board of Trade soybean futures settled down 10 cents at \$9.27-3/4 per bushel, following as corn fell on benign U.S. crop weather and broad-based commodity weakness.

Soyoil felt pressure from a 2 percent drop in U.S. crude oil futures tied to ample global supplies. Malaysian palm oil and European rapeseed futures also fell.

Trade continues to await proposed requirements for use of 2018 renewable fuels, including soy-based biodiesel, from the U.S. Environmental Protection Agency.

The U.S. Department of Agriculture late Monday rated 67 percent of the U.S. soybean crop in good to excellent condition, up from 66 percent the previous week but below an average of analyst expectations for 68 percent.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jul17	2,603	-37	2,612	2,630	2,593	7,180		550
Aug17	2,497	-35	2,524	2,524	2,491	27,276		6,735
Sep17	2,466	-22	2,476	2,485	2,451	51,764		19,785
Oct17	2,458	-12	2,460	2,472	2,440	22,392		7,307
Nov17	2,461	-11	2,466	2,476	2,447	34,193		6,159
Dec17	2,475	-11	2,473	2,491	2,463	1,118		571
Jan18	2,502	-7	2,498	2,513	2,487	17,876		2,797
Mar18	2,528	-2	2,515	2,533	2,508	16,078		3,265
May18	2,540	3	2,532	2,547	2,518	16,315		1,073
Jul18	2,522	0	2,512	2,531	2,507	9,451		2,289
Sep18	2,517	2	2,506	2,521	2,497	4,639		84
Nov18	2,512	-1	2,505	2,517	2,498	6,891		892
Jan19	2,536	0	-	-	-	303		-
Mar19	2,545	4	-	-	-	7		-
May19	2,552	4	-	-	-	7		-
Total						215,490		51,507

Spreads

Contract	Open	High	Low	Last	Vol
Jul17 /Aug17	101	116	101	106	187
Aug17 /Sep17	45	45	32	31	3,640
Sep17 /Oct17	17	17	8	8	3,238
Oct17 /Nov17	-4	-3	-7	-3	1,932

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	938.75	-9.75
Soybean Oil	DEC17	32.62	-0.78
Soybean Meal	DEC17	306.20	-1.10
Crude Oil	JUL17	43.51	-0.96
DCE Palm Oil	SEP17	5,314	-52.00
DCE Soybean Oil	SEP17	5,866	-48.00

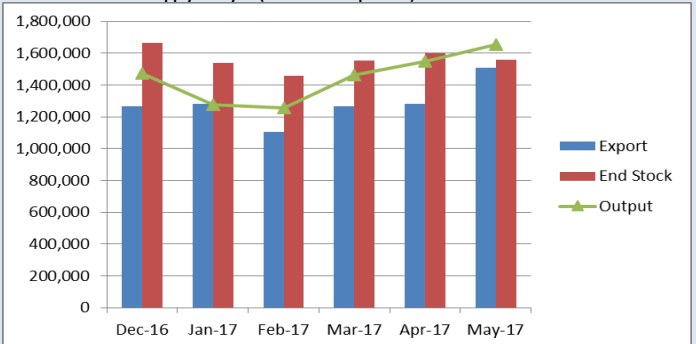
Exchange Rate

Currency	Last
USDMYR	4.3055
USDIDR	13,311
USDCNY	6.8142

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JUN17	n.a.	4199.79	n.a.
FOB CPO (Indo)	USD/mt	JUL17	650.00	660.00	655.00
FOB RBD Palm Olein (M'sia)	USD/mt	JUL17	655.00	662.50	658.75
FOB RBD Palm Oil (M'sia)	USD/mt	JUL17	n.a.	657.50	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

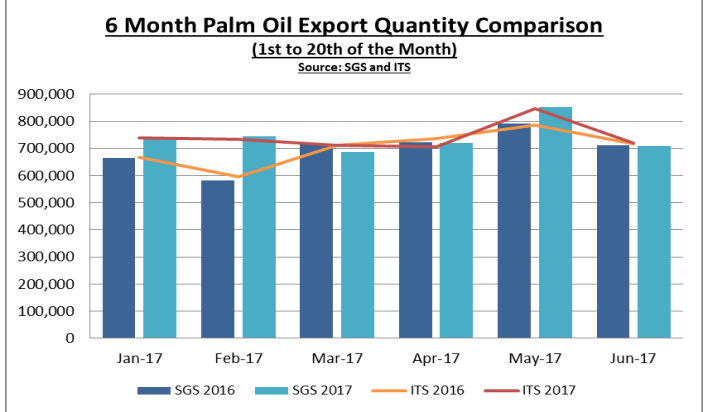


Demand and Supply Data

Date	Cargo Surveyor Figures			Cargo Surveyor Figures		
	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	721,020	-14.8	852,628	710,322	-16.7
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
pfkc@poems.com.my

Official Website: www.phillipfutures.com.my
Facebook Page: 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.