

FCPO Daily Commentary

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

PALM FCPO AUG17 (2635, +9)

Our Call of The Day:

Mildly Bullish
22 May 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil gains, buoyed by expectations of stronger export demand
- CBOT soy closed higher on bargain-buying, Brazil currency rebound

Crude Palm Oil

Malaysian palm oil rebounded from early losses and closed higher on Friday on expectations of rising export demand.

The benchmark August 17 contract rose RM9 to close at RM2,635 per tonne, prices were traded between RM2,597 and RM2,642 with total traded volume for palm stood at 59,010 lots.

Phillip Futures Sdn Bhd Analyst David Ng said the market expected production to be affected on the back of weather uncertainty.

Accordingly to a circular from the Malaysian Palm oil Board (MPOB) on Friday, Malaysia will lower its crude palm oil export tax for a third consecutive month to 6 percent in June, down from 7 percent in May.

In the first half of May, Malaysia palm oil shipments rose 7-8.9 percent, compared with the corresponding period in April.

According to Cargo surveyor Intertek Testing Services (ITS) on Saturday, exports of Malaysian palm oil products for May. 1-20 rose 20 percent to 846,705 tonnes from 705,372 tonnes shipped during Apr. 1-20.

Today, we expect crude palm oil would stay in consolidation with upside bias as market players are awaiting fresh cues ahead of the May 1-20 SGS export data which to be released today.

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)

Soybean futures on the Chicago Board of Trade rose about 1 percent on Friday on bargain-buying after Thursday's 3 percent sell-off.

A rebound in Brazil's currency, the real, lent support, slowing Brazilian farmer selling. The real plunged by about 7 percent on Thursday, encouraging the farmers to increase cash sales of their record-large soy harvest.

Rains expected in the coming week in Argentina could delay soy harvesting in some areas and threaten to reduce yields, the Buenos Aires Grains Exchange said in a report on Thursday.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jun17	2,885	14	2,875	2,886	2,847	9,463	-595	812
Jul17	2,759	12	2,755	2,763	2,722	26,239	-1,200	5,376
Aug17	2,635	9	2,631	2,642	2,597	46,244	2,351	27,923
Sep17	2,556	-7	2,568	2,568	2,531	36,457	1,694	10,579
Oct17	2,527	-10	2,542	2,542	2,505	8,657	2,327	7,235
Nov17	2,526	-10	2,540	2,541	2,505	29,141	-245	3,812
Jan18	2,553	-9	2,563	2,567	2,536	10,288	272	1,305
Mar18	2,568	-7	2,579	2,584	2,546	15,280	134	1,758
May18	2,568	-4	2,579	2,579	2,547	12,577	-27	192
Jul18	2,564	-4	2,545	2,562	2,545	5,203	-2	14
Sep18	2,558	-4	2,549	2,549	2,549	3,103	-2	4
Nov18	2,555	-4	-	-	-	2,006	0	-
Jan19	2,563	-4	-	-	-	212	0	-
Mar19	2,563	-4	-	-	-	0	0	-
May19	2,563	-4	-	-	-	0	0	-
Total						204,870	4,707	59,010

Spreads

Contract	Open	High	Low	Last	Vol
Jun17 / Jul17	122	126	119	126	466
Jul17 / Aug17	123	126	114	124	2,844
Aug17 / Sep17	65	82	65	79	4,726
Sep17 / Oct17	25	35	24	29	2,861

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	953.00	8.25
Soybean Oil	JUL17	33.04	0.60
Soybean Meal	JUL17	307.00	-0.50
Crude Oil	JUL17	50.33	0.98
DCE Palm Oil	SEP17	5,486	-28.00
DCE Soybean Oil	SEP17	5,956	-62.00

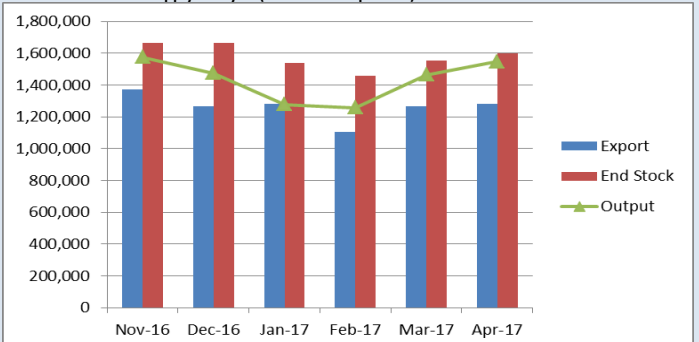
Exchange Rate

Currency	Last
USDMYR	4.3088
USDIDR	13,285
USDCNY	6.8870

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	MAY17	n.a.	4861.17	n.a.
FOB CPO (Indo)	USD/mt	JUN17	702.50	710.00	706.25
FOB RBD Palm Olein (M'sia)	USD/mt	JUN17	712.50	715.00	713.75
FOB RBD Palm Oil (M'sia)	USD/mt	JUN17	n.a.	710.00	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

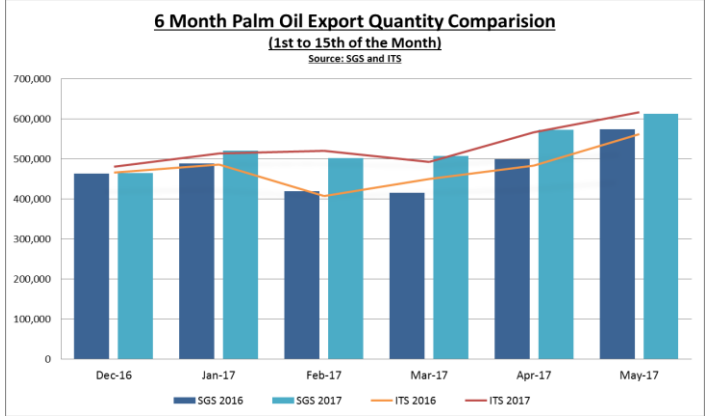


Demand and Supply Data

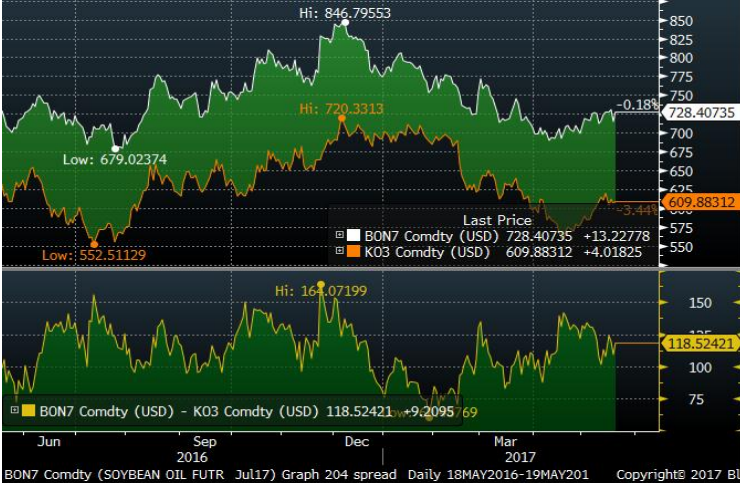
Date	ITS (in tonnes)			SGS (in tonnes)		
	Apr'17	May'17	Chg (%)	Apr'17	May'17	Chg (%)
First 10 days	307,249	346,920	12.9	312,489	359,355	15.0
First 15 days	567,280	617,697	8.9	572,910	613,465	7.1
First 20 days	705,372	846,705	20.0	719,175		
First 25 days	866,297			891,725		
Full month	1,125,942			1,135,340		

(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		

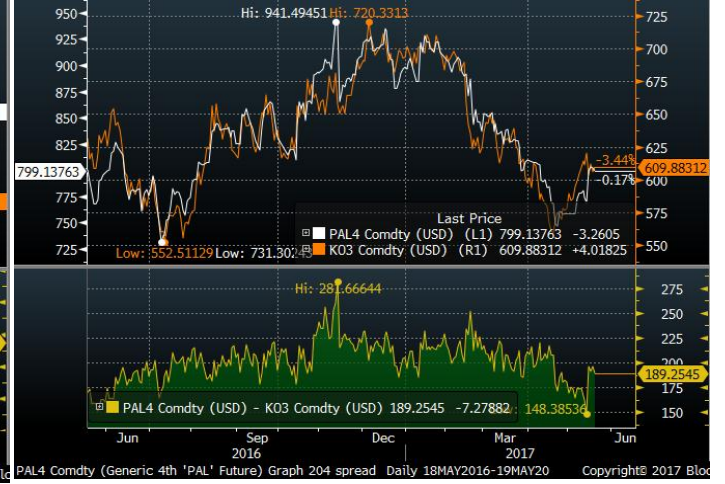
Export Quantity Analysis



Spread (CBOT Soyoil - BMD Crude Palm Oil)



Spread (DCE Palm Olein - BMD Crude Palm Oil)



Sources: Thomson Reuters / Bloomberg/ MPOB /ITS/ SGS/ Phillip Futures

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