

# FCPO Daily Commentary

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

## PALM FCPO AUG17 (2617, -45)

Our Call of The Day:

**Bearish**  
24 May 2017

### FCPO 3rd Month Daily Candle Chart



### Market Commentary

#### Highlights:

- Palm oil down as ringgit at 6-month high, forecast of rising production
- CBOT soy fall on USDA planting progress data

#### Crude Palm Oil

Malaysian palm oil ended lower on Tuesday, marked their first drop in three sessions dragged down by a stronger ringgit and expectations of higher production.

The benchmark August 17 contract fell RM45 to close at RM2,617 per tonne, prices were traded between RM2,611 and RM2,666 with total traded volume for palm stood at 40,143 lots.

Phillip Futures Sdn Bhd Analyst David Ng said the lower close could hurt short-term demand for CPO.

The ringgit rose to its highest in six months against the dollar at 4.2920 on Tuesday on the back of Malaysia's robust first quarter 2017 Gross Domestic Product (GDP) growth data. A stronger ringgit makes the tropical oil more expensive for holders of foreign currencies.

Malaysia's palm oil production rose 5.7 percent to 1.5 million tonnes in April from a month earlier. The palm oil output seen further rising in the coming months in line with seasonal trend and as trees recover from a crop-damaging El Nino weather pattern.

Today, we expect the palm oil continue to be pressured by stronger ringgit as it dropped below the 4.3 mark for the first time since October 2016.

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)

Chicago Board of Trade soybean futures settled lower on Tuesday on technical selling and slightly better-than-expected U.S. planting progress.

The USDA said late Monday the U.S. soybean crop was 53 percent planted, just ahead of trade expectations and the five-year average pace of 52 percent.

Market underpinned by fresh demand. The U.S. Department of Agriculture said private exporters sold 126,000 tonnes of U.S. soybeans to unknown destinations for delivery in the 2016/17 marketing year that began Sept. 1.

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jun17	2,877	-23	2,895	2,910	2,863	7,161	-812	917
Jul17	2,740	-41	2,773	2,790	2,733	22,837	-1,553	5,538
Aug17	2,617	-45	2,658	2,666	2,611	47,594	1,915	20,845
Sep17	2,539	-37	2,572	2,574	2,531	37,855	318	6,608
Oct17	2,507	-33	2,531	2,536	2,499	9,617	1,014	2,460
Nov17	2,506	-33	2,534	2,537	2,498	28,366	247	1,255
Jan18	2,538	-34	2,563	2,567	2,532	11,095	192	726
Mar18	2,550	-35	2,575	2,575	2,546	15,270	-262	1,035
May18	2,551	-33	2,579	2,579	2,545	12,853	152	586
Jul18	2,545	-31	2,546	2,550	2,541	5,255	27	76
Sep18	2,539	-31	2,535	2,540	2,534	3,103	0	12
Nov18	2,535	-31	2,531	2,532	2,531	2,020	-5	85
Jan19	2,543	-31	-	-	-	226	0	-
Mar19	2,543	-31	-	-	-	0	0	-
May19	2,543	-31	-	-	-	0	0	-
<b>Total</b>						<b>203,252</b>	<b>1,233</b>	<b>40,143</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Jun17 / Jul17	120	138	118	135	778
Jul17 / Aug17	118	125	114	124	2,494
Aug17 / Sep17	86	93	76	79	3,622
Sep17 / Oct17	37	40	32	33	835

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	948.25	-8.25
Soybean Oil	JUL17	32.34	-0.60
Soybean Meal	JUL17	306.30	-1.50
Crude Oil	JUL17	51.47	0.34
DCE Palm Oil	SEP17	5,530	-24.00
DCE Soybean Oil	SEP17	5,986	-20.00

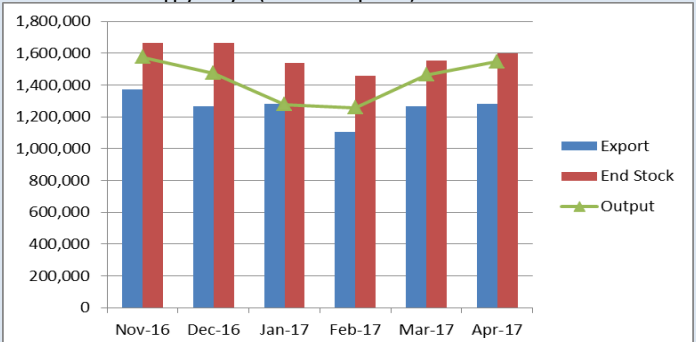
#### Exchange Rate

Currency	Last
USDMYR	4.3035
USDIDR	13,315
USDCNY	6.8900

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	MAY17	n.a.	4960.38	n.a.
FOB CPO (Indo)	USD/mt	JUN17	702.50	707.50	705.00
FOB RBD Palm Olein (M'sia)	USD/mt	JUN17	717.50	720.00	718.75
FOB RBD Palm Oil (M'sia)	USD/mt	JUN17	n.a.	715.00	n.a.

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

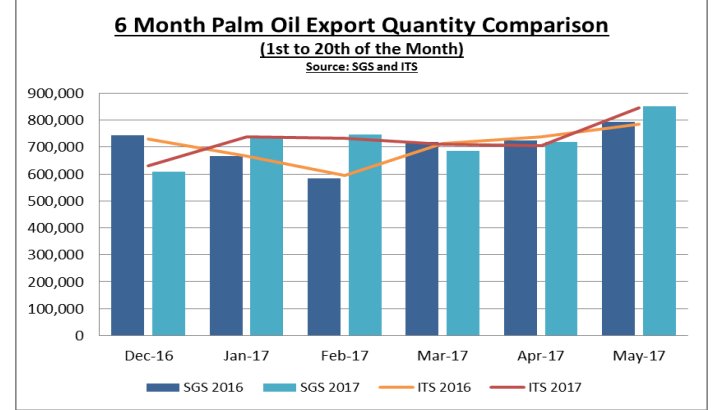


**Demand and Supply Data**

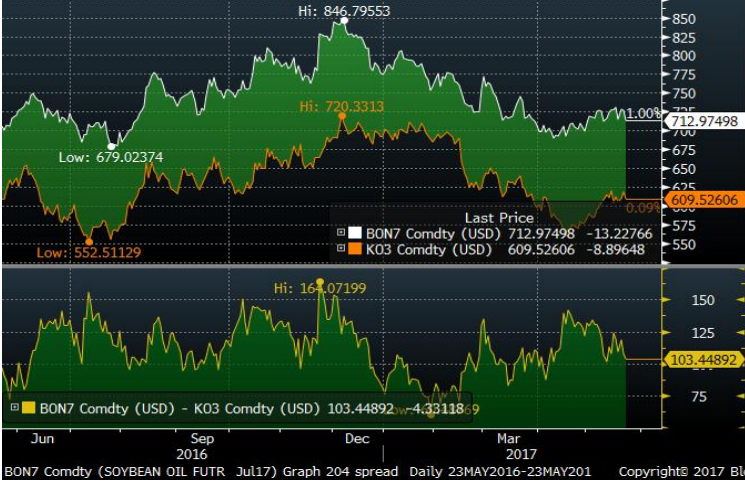
Date	ITS (in tonnes)			SGS (in tonnes)		
	Apr'17	May'17	Chg (%)	Apr'17	May'17	Chg (%)
First 10 days	307,249	346,920	12.9	312,489	359,355	15.0
First 15 days	567,280	617,697	8.9	572,910	613,465	7.1
First 20 days	705,372	846,705	20.0	719,175	852,628	18.6
First 25 days	866,297			891,725		
Full month	1,125,942			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		

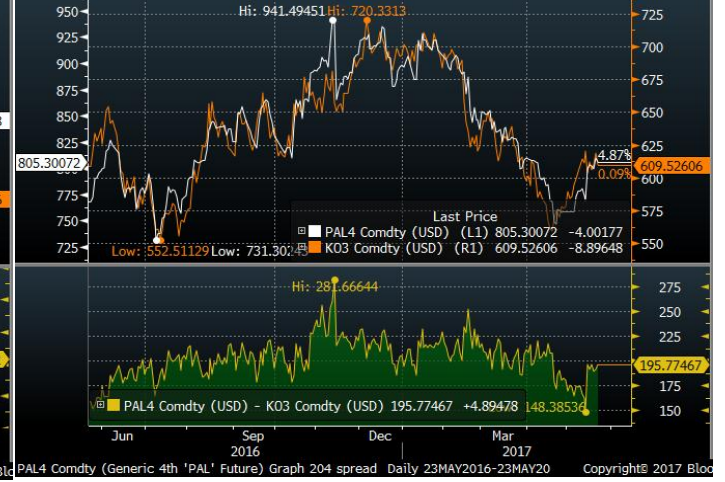
**Export Quantity Analysis**



**Spread (CBOT Soyoil - BMD Crude Palm Oil)**



**Spread (DCE Palm Olein - BMD Crude Palm Oil)**



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

Dealing Desk  
pfsb\_dealing@poems.com.my

**CONTACT US:**  
Kuala Lumpur Headquarters:  
(+603) 2711 0026  
pfsb\_research@poems.com.my

**Kota Damansara Branch:**  
(+603) 26308688  
phillipfutures@poems.com.my

**Johor - Taman Sutera Utama Branch:**  
(+607) 5572188  
pfjb@poems.com.my

**Johor - Taman Molek Branch:**  
(+607) 3525999  
pfjb@poems.com.my

**Penang Branch:**  
(+604) 2616822  
pfg@poems.com.my

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

**Malacca Branch:**  
(+606) 2748711  
pfrm@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.