

FCPO Daily Commentary

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

PALM FCPO JUL17 (2514, +28)

Our Call of The Day:

Bearish
27 April 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil rose on technical correction and tracking strong rival oil.
- CBOT soy fell on drop in corn, weaker Brazilian currency.

Crude Palm Oil

Malaysian palm oil futures rebounded from earlier losses on Wednesday, gaining strength from rival oilseed soy and in a technical correction.

The benchmark July 17 contract rose RM28 to close at RM2,514 per tonne, prices were traded between RM2,476 and RM2,517 with total traded volume for palm stood at 55,888 lots.

Phillip Futures Sdn Bhd Derivatives Dealer David Ng said the market was also anticipating higher production in the medium-term as the effects of the El-Nino was wearing off.

The ringgit extended yesterday's rally to closed higher against the dollar at 4.3460 on Wednesday on continued buying interest. A stronger ringgit makes the tropical oil more expensive for holders of foreign currencies.

Malaysia and Indonesia to counter the European Union (EU) resolution which proposed to curb the use of oil palm-based biofuel by 2020. A resolution by the European Parliament recently called for the EU to phase out by 2020 the use of vegetable oils in biodiesel that are allegedly produced in an unsustainable way leading to deforestation. The resolution includes palm oil and might affect the exports of palm oil to European and other developed countries.

Today, we expect the palm prices continue to be pressured by strong local currency. However, the overnight gain in soybean oil market may provide some support on palm prices.

For the benchmark palm oil contract, we see support levels at RM2,450 and RM2,400 while resistance levels at RM2,535 and RM2,615.

Soybean (Reuters)

Chicago Board of Trade (CBOT) soybean futures fell Wednesday for a second straight session, pressured by spillover weakness from corn and prospects for increased Brazilian farmer selling.

Producers in the South American country have so far been reluctant to sell much of the crop. But a weaker real makes dollar-denominated soybeans worth more to Brazilian producers.

Trade estimates for weekly soybean export sales, which will be released on Thursday morning by the U.S. Department of Agriculture, ranged from 250,000 to 450,000 tonnes, slightly above a week ago.

In related market, CBOT July soyoil ended up 0.31 cent, supported in part by a new legislative proposal to reinstate a tax credit for soy-based biodiesel fuel.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
May17	2,664	30	2,641	2,669	2,635	5,966	-893	531
Jun17	2,582	32	2,549	2,583	2,542	21,989	-1,786	4,934
Jul17	2,514	28	2,486	2,517	2,476	49,165	-73	29,236
Aug17	2,466	25	2,441	2,469	2,435	37,710	-717	9,631
Sep17	2,445	22	2,425	2,448	2,418	30,208	-191	4,396
Oct17	2,445	22	2,424	2,441	2,418	2,507	18	448
Nov17	2,440	16	2,426	2,443	2,414	26,480	-395	3,813
Jan18	2,469	13	2,462	2,471	2,450	9,645	492	1,656
Mar18	2,490	14	2,479	2,492	2,473	15,005	129	744
May18	2,492	13	2,487	2,493	2,480	12,384	-35	257
Jul18	2,486	11	2,486	2,490	2,484	4,026	16	210
Sep18	2,484	11	2,484	2,487	2,484	2,695	-27	32
Nov18	2,481	11	-	-	-	1,358	0	-
Jan19	2,481	11	-	-	-	16	0	-
Mar19	2,481	11	-	-	-	0	0	-
Total						219,154	-3,462	55,888

Spreads

Contract	Open	High	Low	Last	Vol
May17 /Jun17	86	93	81	81	92
Jun17 /Jul17	66	71	61	69	2,732
Jul17 /Aug17	44	49	41	49	4,741
Aug17 /Sep17	18	21	17	21	1,583

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	956.50	-8.50
Soybean Oil	JUL17	32.16	0.31
Soybean Meal	JUL17	313.70	-4.00
Crude Oil	JUN17	49.62	-0.06
DCE Palm Oil	SEP17	5,108	-8.00
DCE Soybean Oil	SEP17	5,834	-6.00

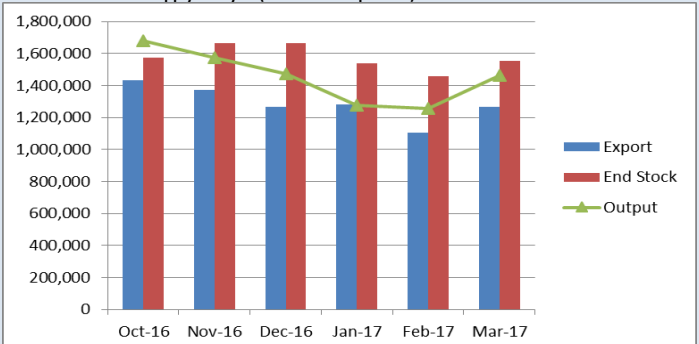
Exchange Rate

Currency	Last
USDMYR	4.3488
USDIDR	13,295
USDCNY	6.8908

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	APR17	n.a.	4332.07	n.a.
FOB CPO (Indo)	USD/mt	MAY17	n.a.	672.50	660.00
FOB RBD Palm Olein (M'sia)	USD/mt	MAY17	677.50	682.50	680.00
FOB RBD Palm Oil (M'sia)	USD/mt	MAY17	n.a.	680.00	n.a.

MOB Demand and Supply Analysis (6 Month Comparison)

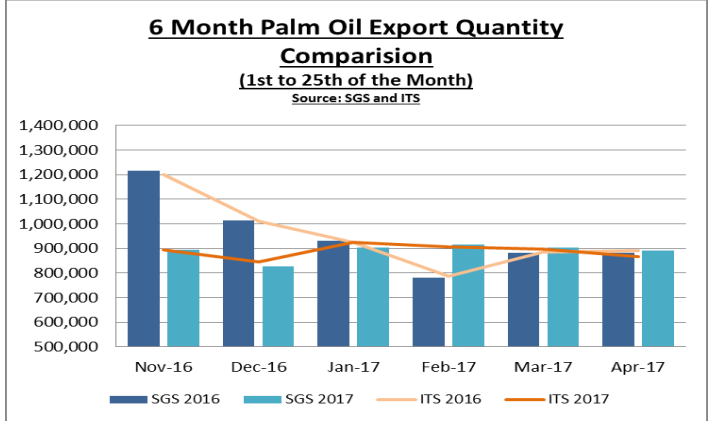


Demand and Supply Data

Date	Cargo Surveyor Figures			Cargo Surveyor Figures		
	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	866,297	-3.4	902,628	891,725	-1.2
Full month	1,076,240			1,088,677		

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

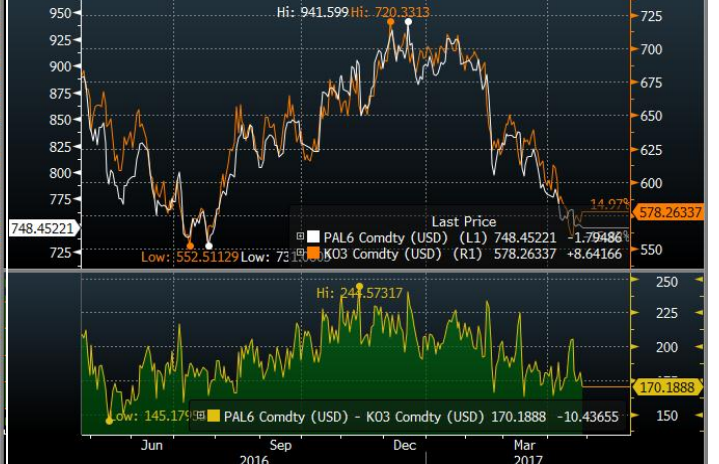
Export Quantity Analysis



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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