

# FCPO Daily Commentary

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

## PALM FCPO AUG17 (2555, -52)

Our Call of The Day:

**Bearish**  
29 May 2017

### FCPO 3rd Month Daily Candle Chart



#### Market Commentary

##### Highlights:

- Palm oil down on weaker related oils and stronger ringgit
- CBOT soybean down on soy-corn spreading, big global soy supplies

#### Crude Palm Oil

Malaysia palm oil hits three-week low and closed lower on Friday pressured by weak performance in related oils market and stronger ringgit.

The benchmark August 17 contract dropped RM52 to close at RM2,555 per tonne, prices were traded between RM2,550 and RM2,587 with total traded volume for palm stood at 34,661 lots.

Phillip Futures Sdn Bhd Analyst David Ng said the easier CPO market also tracked overnight losses on the Chicago Board of Trade soybean oil market.

The ringgit closed higher against the dollar at 4.26707 on Friday on the back of strong fundamentals. A stronger ringgit makes the tropical oil more expensive for holders of foreign currencies.

Accordingly to a circular from the Malaysian Palm oil Board (MPOB), 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.

Oil prices rebounded to rise more than 1 percent on Friday, but Brent crude ended the week nearly 3 percent lower after an OPEC-led decision to extend production curbs did not go as far as many investors had hoped.

Today, we expect palm oil prices continue pressured by stronger ringgit and tracking weak performance in soyoil market.

For the benchmark palm oil contract, we see support levels at RM2,535 and RM2,500 while resistance levels at RM2,600 and RM2,645.

#### Soybean (Reuters)

Soybean futures on the Chicago Board of Trade (CBOT) closed down 1.4 percent on Friday on soy-corn spreading and large global soy supplies.

Soybeans were lower on follow-through technical selling one day after the benchmark July contract fell below chart support near \$9.40 a bushel and hit its lowest level in 13 months.

The market was pressured by expectations that Brazil's record-large harvest will curb export demand for U.S. soy, and fears that wet weather in the Midwest may prompt farmers to switch some acres intended for corn to soybeans.

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jun17	2,840	-36	2,840	2,858	2,840	6,477	-268	1,065
Jul17	2,677	-43	2,701	2,703	2,673	18,735	-570	3,130
Aug17	2,555	-52	2,584	2,587	2,550	49,366	677	18,888
Sep17	2,483	-46	2,507	2,509	2,479	38,667	-57	5,872
Oct17	2,447	-47	2,467	2,471	2,446	10,313	713	2,520
Nov17	2,451	-44	2,469	2,471	2,444	27,895	210	1,332
Jan18	2,488	-42	2,499	2,504	2,480	11,546	-26	437
Mar18	2,507	-43	2,520	2,524	2,497	16,384	64	751
May18	2,511	-40	2,525	2,525	2,508	13,297	-31	289
Jul18	2,511	-38	2,525	2,527	2,511	5,680	86	135
Sep18	2,505	-38	2,522	2,522	2,507	3,395	205	221
Nov18	2,501	-38	2,522	2,522	2,506	2,328	10	16
Jan19	2,512	-35	-	-	-	324	0	-
Mar19	2,516	-31	2,516	2,516	2,516	5	5	5
May19	2,516	-31	-	-	-	0	0	-
<b>Total</b>						<b>204,412</b>	<b>1,018</b>	<b>34,661</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Jun17 / Jul17	145	169	145	163	349
Jul17 / Aug17	116	124	113	122	1,888
Aug17 / Sep17	76	79	72	72	3,106
Sep17 / Oct17	35	38	32	36	765

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	926.50	-13.00
Soybean Oil	JUL17	31.60	-0.44
Soybean Meal	JUL17	301.80	-2.90
Crude Oil	JUL17	49.80	0.90
DCE Palm Oil	SEP17	5,414	-46.00
DCE Soybean Oil	SEP17	5,866	-56.00

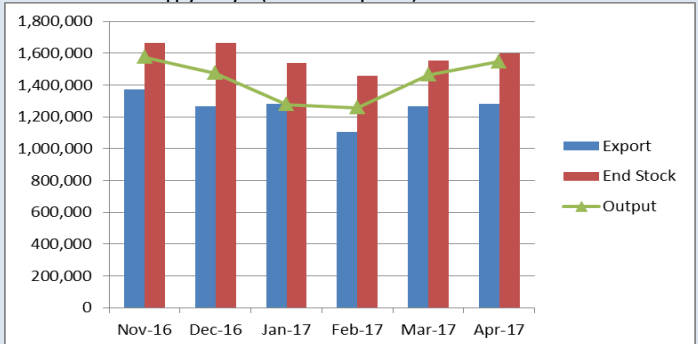
#### Exchange Rate

Currency	Last
USDMYR	4.2685
USDIDR	13,280
USDCNY	6.8570

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	MAY17	n.a.	4795.03	n.a.
FOB CPO (Indo)	USD/mt	JUN17	692.50	697.50	695.00
FOB RBD Palm Olein (M'sia)	USD/mt	JUN17	n.a.	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)

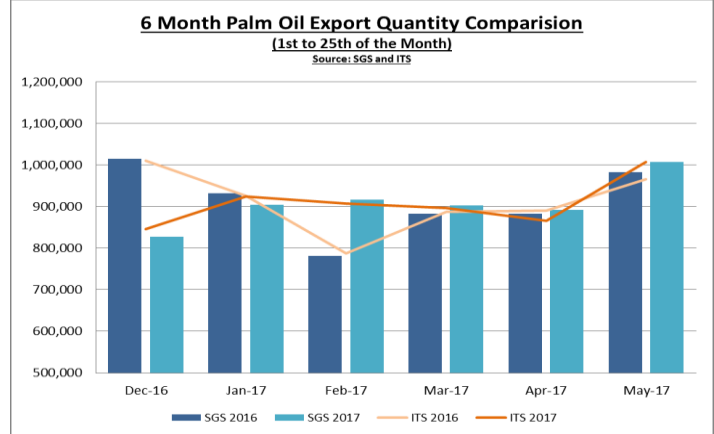


**Demand and Supply Data**

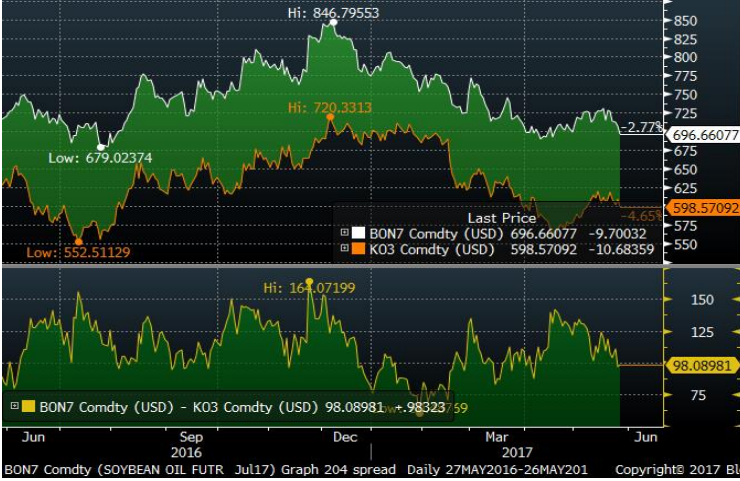
Date	Cargo Surveyor Figures			Cargo Surveyor Figures		
	ITS (in tonnes)			SGS (in tonnes)		
	Apr'17	May'17	Chg (%)	Apr'17	May'17	Chg (%)
First 10 days	307,249	346,920	12.9	312,489	359,355	15.0
First 15 days	567,280	617,697	8.9	572,910	613,465	7.1
First 20 days	705,372	846,705	20.0	719,175	852,628	18.6
First 25 days	866,297	1,006,757	16.2	891,725	1,006,853	12.9
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		

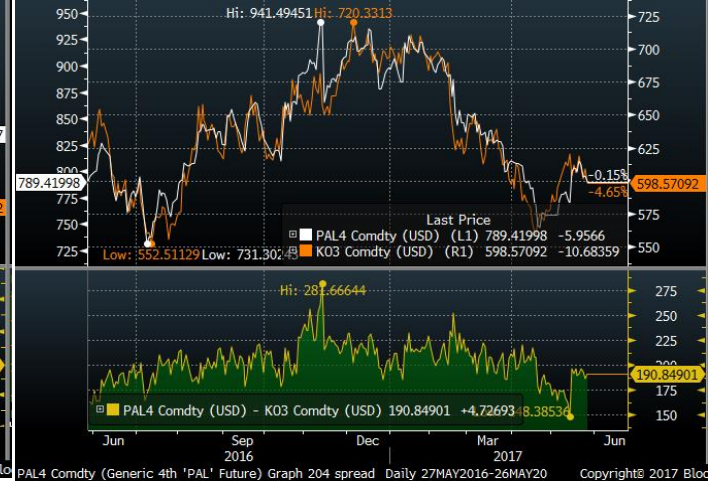
**Export Quantity Analysis**



**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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