

# FCPO Daily Commentary

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## PALM FCPO SEP17 (2440, -2)

Our Call of The Day:

**Neutral**  
29 June 2017

### FCPO 3rd Month Daily Candle Chart



#### Market Commentary

##### Highlights:

- Palm falls from one-week top on rising production.
- CBOT soybeans inch higher on technical buying.

#### Crude Palm Oil

Malaysian palm oil futures reversed earlier gains to fall in the second half of trade on Wednesday, dragged down by expectations of rising production in the coming months.

The benchmark September 17 pared RM2 to RM2,440 per tonne, prices were traded between RM2,464 and RM2,428 with total traded volume for palm stood at 55,389 lots.

Phillip Futures Sdn Bhd Dealer, David Ng said the CPO market erased earlier gains despite a weaker ringgit. A weaker ringgit will limit short-term losses.

According to a Kuala Lumpur-based trader, The outlook of rising production caused the market to decline in later trade.

Production in Malaysia, the world's number two producer of the tropical oil, is seen rising in the second half of the year in line with seasonal trend and as the effects of a crop-damaging El Nino wear off.

The most recent official data from the Malaysian Palm Oil Board showed output rose 6.9 percent in May to 1.65 million tonnes versus the previous month.

Today, palm oil prices might hover in range bound between 2420 to 2470. However, firmer crude oil prices and soyoil prices might support the palm oil prices, despite forecast of higher production.

For the benchmark palm oil contract, we see support levels at RM2,420 and RM2,400 while resistance levels at RM2,465 and RM2,500.

#### Soybean (Reuters)

Soybean futures on the Chicago Board of Trade rose Wednesday on technical buying and position-squaring ahead of the U.S. Department of Agriculture's acreage and quarterly stocks reports.

Analysts expect the USDA on Friday to raise slightly its estimate of U.S. soybean plantings to 89.750 million acres, from the March forecast of 89.482 million.

Ahead of the USDA's weekly export sales report on Thursday, analysts expect the government to report soybean sales at 300,000 to 700,000 tonnes (old and new marketing years combined).

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jul17	2,585	-4	2,614	2,614	2,579	5,166	-680	885
Aug17	2,477	-2	2,494	2,503	2,465	22,531	-1,026	7,009
Sep17	2,440	-2	2,454	2,464	2,428	52,904	3,153	21,241
Oct17	2,435	0	2,447	2,456	2,420	24,723	1,906	9,471
Nov17	2,443	2	2,452	2,463	2,428	35,936	1,039	6,270
Dec17	2,462	8	2,468	2,477	2,448	2,322	422	1,864
Jan18	2,484	6	2,489	2,500	2,467	17,209	713	2,611
Mar18	2,507	10	2,515	2,519	2,486	16,054	-91	2,299
May18	2,521	5	2,530	2,537	2,504	18,215	783	1,704
Jul18	2,497	0	2,510	2,516	2,490	10,422	214	251
Sep18	2,488	-2	2,502	2,507	2,479	5,622	420	601
Nov18	2,482	3	2,494	2,497	2,476	6,956	266	658
Jan19	2,506	3	2,515	2,515	2,492	493	195	338
Mar19	2,515	3	2,525	2,530	2,498	84	75	106
May19	2,522	3	2,523	2,523	2,498	99	80	81
<b>Total</b>						<b>218,736</b>	<b>7,469</b>	<b>55,389</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Jul17 / Aug17	108	116	106	112	429
Aug17 / Sep17	39	40	33	36	3,162
Sep17 / Oct17	8	10	4	4	3,584
Oct17 / Nov17	-7	-5	-8	-7	1,674

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	921.75	4.25
Soybean Oil	DEC17	32.56	0.02
Soybean Meal	DEC17	299.90	2.10
Crude Oil	AUG17	44.74	0.58
DCE Palm Oil	SEP17	5,234	16.00
DCE Soybean Oil	SEP17	5,878	74.00

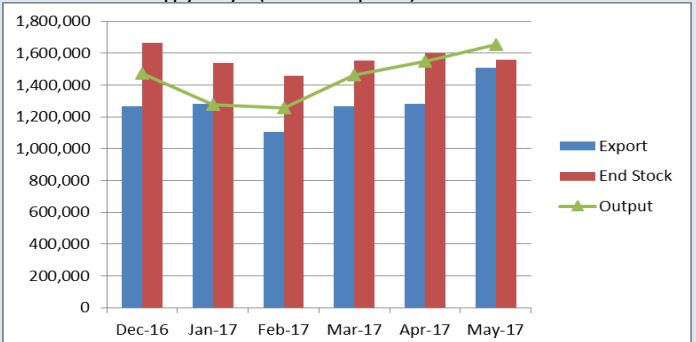
#### Exchange Rate

Currency	Last
USDMYR	4.2960
USDIDR	13,315
USDCNY	6.8016

#### 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	645.00	650.00	647.50
FOB RBD Palm Olein (M'sia)	USD/mt	JUL17	647.50	655.00	651.25
FOB RBD Palm Oil (M'sia)	USD/mt	JUL17	n.a.	650.00	n.a.

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

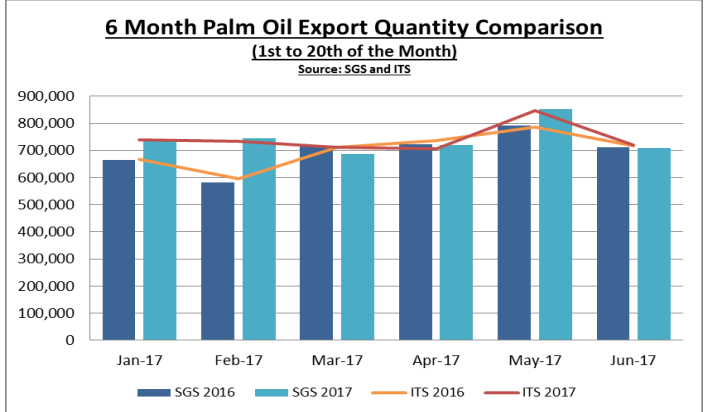


**Demand and Supply Data**

Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			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	985,534	-2.1	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

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