

# FCPO Daily Commentary

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## PALM FCPO AUG17 (2516, -39)

Our Call of The Day:

**Mildly Bearish**  
30 May 2017

### FCPO 3rd Month Daily Candle Chart



### Market Commentary

#### Highlights:

- Palm hits one-month low on falling demand, technical selling.
- CBOT soybean down last Friday on soy-corn spreading, big global soy supplies

### Crude Palm Oil

Malaysian palm oil futures fell to their lowest in a month on Monday, due to lower demand as a supply crunch eased and as technical selling weighed on prices.

The benchmark August 17 contract dropped RM39 to close at RM2,516 per tonne, prices were traded between RM2,549 and RM2,509 with total traded volume for palm stood at 36,845 lots.

Phillip Futures Sdn Bhd Analyst David Ng said the softer performance of the local CPO market was also due to the public holidays in China from May 28 - 30, 2017, as there was no trading in related edible oils on the Chinese bourse.

There was no support from trading in related edible oils with the Chicago Board of Trade and China's Dalian Commodity Exchange both closed for public holidays

Market supplies were tight in the last few weeks on the back of slower-than-expected output growth and as demand for the Muslim fasting month of Ramadan reduced stockpiles.

Ramadan, which sees worshippers break day-long fasts with communal feasting, is widely celebrated in India, the Middle East and Pakistan. Buyers usually stock up on palm oil a month before Ramadan, which this year began on Saturday.

Today, we expect palm oil prices to have further loss as stronger ringgit which break 4.3 and bearish outlook on soyoil market would pressure the palm prices. Also, the robust exports are expected to be over soon. Meanwhile, a trend support can be spotted at around the level of RM2,500.

For the benchmark palm oil contract, we see support levels at RM2,500 and RM2,485 while resistance levels at RM2,550 and RM2,600.

### Soybean (Reuters)

Soybean futures on the Chicago Board of Trade (CBOT) closed down 1.4 percent on last 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.

Soybean market was closed on Monday for U.S. Memorial Day holiday.

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jun17	2,787	-53	2,830	2,830	2,782	6,102	-375	587
Jul17	2,627	-50	2,668	2,672	2,622	16,859	-1,876	3,443
Aug17	2,516	-39	2,545	2,549	2,509	48,075	-1,291	14,015
Sep17	2,447	-36	2,470	2,476	2,442	37,850	-817	7,185
Oct17	2,423	-24	2,441	2,444	2,416	12,931	2,618	7,226
Nov17	2,425	-26	2,439	2,440	2,421	28,364	469	1,737
Jan18	2,458	-30	2,476	2,476	2,457	11,700	154	528
Mar18	2,477	-30	2,495	2,495	2,476	16,195	-189	1,026
May18	2,482	-29	2,501	2,501	2,480	13,506	209	978
Jul18	2,479	-32	2,485	2,485	2,477	5,686	6	62
Sep18	2,473	-32	2,491	2,491	2,480	3,396	1	17
Nov18	2,471	-30	2,486	2,489	2,472	2,334	6	29
Jan19	2,482	-30	2,482	2,482	2,482	314	-10	12
Mar19	2,486	-30	-	-	-	5	0	-
May19	2,486	-30	-	-	-	0	0	-
<b>Total</b>						<b>203,317</b>	<b>-1,095</b>	<b>36,845</b>

### Spreads

Contract	Open	High	Low	Last	Vol
Jun17 / Jul17	159	163	155	160	132
Jul17 / Aug17	124	125	109	111	1,273
Aug17 / Sep17	74	75	66	69	2,112
Sep17 / Oct17	32	33	24	24	3,400

### 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	0.19
DCE Palm Oil	SEP17	5,414	-36.00
DCE Soybean Oil	SEP17	5,866	-60.00

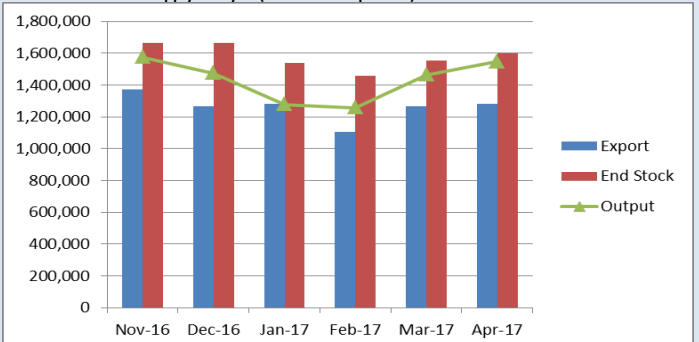
### Exchange Rate

Currency	Last
USDMYR	4.2760
USDIDR	13,313
USDCNY	6.8540

### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	MAY17	n.a.	4629.69	n.a.
FOB CPO (Indo)	USD/mt	JUN17	n.a.	690.00	687.50
FOB RBD Palm Olein (M'sia)	USD/mt	JUN17	n.a.	710.00	708.75
FOB RBD Palm Oil (M'sia)	USD/mt	JUN17	n.a.	705.00	n.a.

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

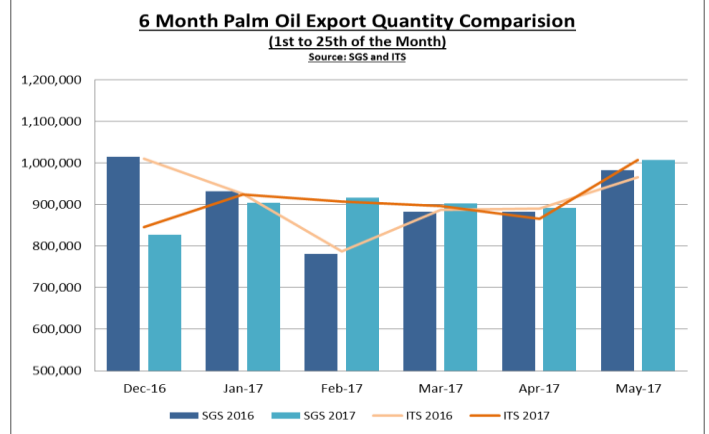


**Demand and Supply Data**

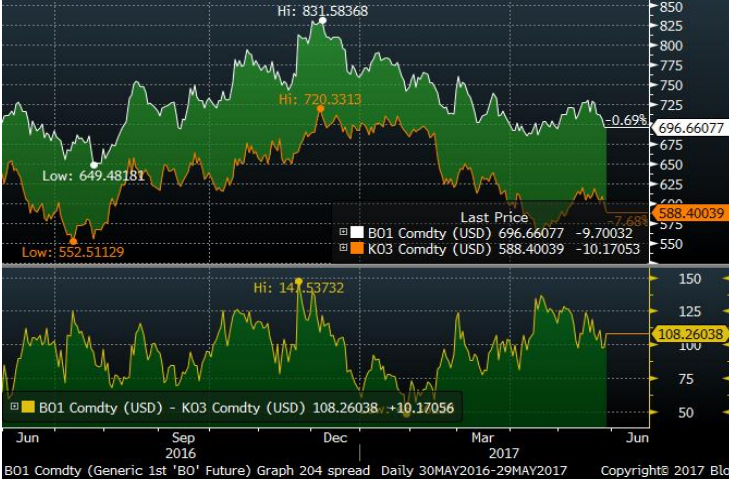
Date	ITS (in tonnes)			SGS (in tonnes)		
	Apr'17	May'17	Chg (%)	Apr'17	May'17	Chg (%)
First 10 days	307,249	346,920	12.9	312,489	359,355	15.0
First 15 days	567,280	617,697	8.9	572,910	613,465	7.1
First 20 days	705,372	846,705	20.0	719,175	852,628	18.6
First 25 days	866,297	1,006,757	16.2	891,725	1,006,853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

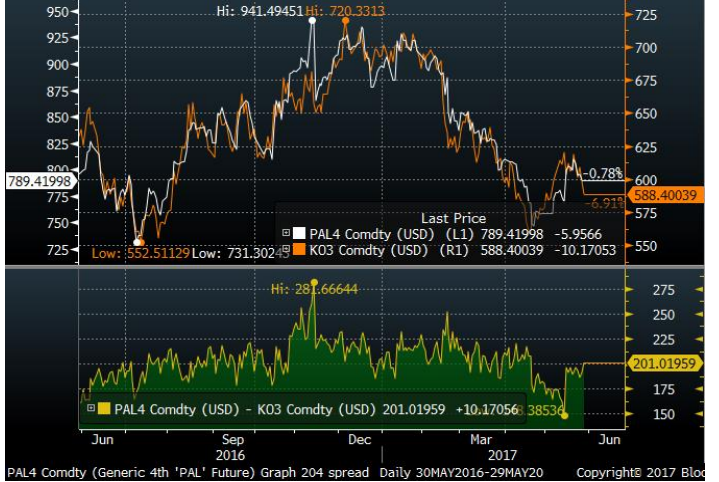
**Export Quantity Analysis**



**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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