

# FCPO Daily Commentary

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## PALM FCPO JUN17 (2554, -12)

Our Call of The Day:

**Mildly Bullish**  
17 April 2017

### FCPO 3rd Month Daily Candle Chart



### Market Commentary

#### Highlights:

- Palm oil continued falling to 6-month low on strengthening ringgit.
- CBOT soy market will resume trading today after the Good Friday holiday.

#### Crude Palm Oil

Malaysian palm oil futures hit a six-month low in evening trade on Friday and were headed for a third consecutive session of declines, weighed down by a stronger ringgit. However, trading activities were thin.

The benchmark Jun 17 contract dropped RM12 to close at RM2,554 per tonne, prices were traded between RM2,569 and RM2,543 with total traded volume for palm stood at 37,288 lots.

Phillip Futures Sdn Bhd Dealer, David Ng, said the FCPO market continued to be weighed by a firmer ringgit against the US dollar and risk-off sentiment across major asset classes as geopolitical risks had risen recently.

The ringgit, palm oil's currency of trade, hit a five-month high at 4.3960 per dollar and was last up 0.1 percent at 4.4050. A stronger ringgit makes the tropical oil more expensive for holders of other currencies.

Apart from the ringgit's strength dampening demand for the vegetable oil, a narrowing spread between palm and soyoil also prompts buyers to switch to soyoil, said traders. Palm oil prices are impacted by movements in rival edible oils as they compete for a share in the global vegetable oils market.

Palm has shed 4 percent so far this week, its third weekly decline in four, as traders reacted to the data from industry regulator which had shown the output in March rose 16.3 percent on month, the first monthly gain since September and higher than the past five-year average for March growth.

Today, we expect the palm price to rebound from the recent low as traders are likely to take profit of their short positions on the lacking of new market catalysts. Whereas in technical front, CPO is still trending downwards.

For the benchmark palm oil contract, we see support levels at RM2,487 and RM2,405 while resistance levels at RM2,625 and RM2,679.

#### Soybean (Reuters)

Soybean futures on the Chicago Board of Trade rose on Thursday on bargain-buying after this week's dip to one-year lows, and strength in soy meal.

The USDA reported weekly export sales of old-crop U.S. soybeans at 402,200 tonnes, at the low end of trade expectations, and new-crop sales at 124,700 tonnes, below expectations. Weekly soyoil export sales at 18,700 tonnes, all old-crop. Weekly export sales of old-crop soy meal at 158,700 tonnes and new-crop sales at 79,500 tonnes.

CBOT May soyoil ended down 0.05 cent at 31.19 cents per lb, losing ground to soy meal on meal/oil spreads. CBOT May soy meal rose \$4.80 to \$317.50 per short ton. buoyed by commercial

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Apr17	2,750	-19	2,750	2,750	2,750	493	-89	57
May17	2,651	-19	2,655	2,667	2,646	14,010	-1,128	1,993
Jun17	2,554	-12	2,555	2,569	2,543	34,313	2	15,955
Jul17	2,503	-10	2,508	2,518	2,493	44,202	-846	9,628
Aug17	2,469	-7	2,470	2,482	2,461	29,972	1,095	4,424
Sep17	2,460	-9	2,459	2,472	2,450	32,514	256	2,598
Nov17	2,462	-9	2,463	2,472	2,454	26,737	399	1,466
Jan18	2,492	-12	2,499	2,501	2,484	8,974	118	574
Mar18	2,511	-4	2,508	2,515	2,500	14,959	-116	487
May18	2,518	-9	2,523	2,523	2,513	11,727	-8	59
Jul18	2,518	-10	2,523	2,523	2,518	3,016	-4	14
Sep18	2,518	-6	2,525	2,525	2,515	2,055	1	33
Nov18	2,511	-6	-	-	-	852	0	-
Jan19	2,511	-6	-	-	-	16	0	-
Mar19	2,511	-6	-	-	-	0	0	-
<b>Total</b>						<b>223,840</b>	<b>-320</b>	<b>37,288</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
May17 / Jun17	101	103	96	97	1,438
Jun17 / Jul17	52	54	48	51	5,202
Jul17 / Aug17	34	36	32	34	2,227
Aug17 / Sep17	8	12	6	9	428

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	966.25	7.50
Soybean Oil	JUL17	31.38	-0.08
Soybean Meal	JUL17	321.80	4.80
Crude Oil	MAY17	53.18	0.07
DCE Palm Oil	SEP17	5,206	-12.00
DCE Soybean Oil	SEP17	5,946	10.00

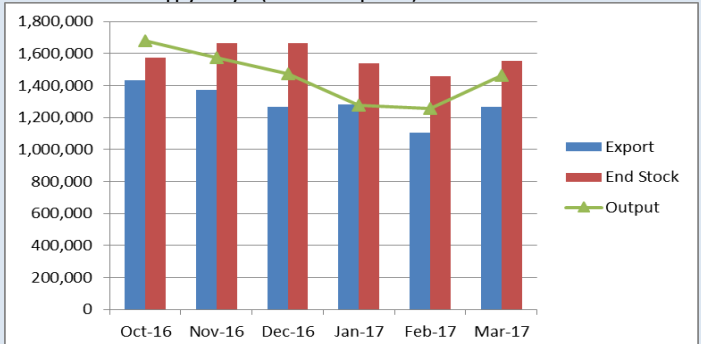
#### Exchange Rate

Currency	Last
USDMYR	4.4073
USDIDR	13,289
USDCNY	6.8793

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	APR17	n.a.	4150.18	n.a.
FOB CPO (Indo)	USD/mt	APR17	n.a.	n.a.	670.00
FOB RBD Palm Olein (M'sia)	USD/mt	APR17	n.a.	695.00	693.75
FOB RBD Palm Oil (M'sia)	USD/mt	APR17	n.a.	692.50	n.a.

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



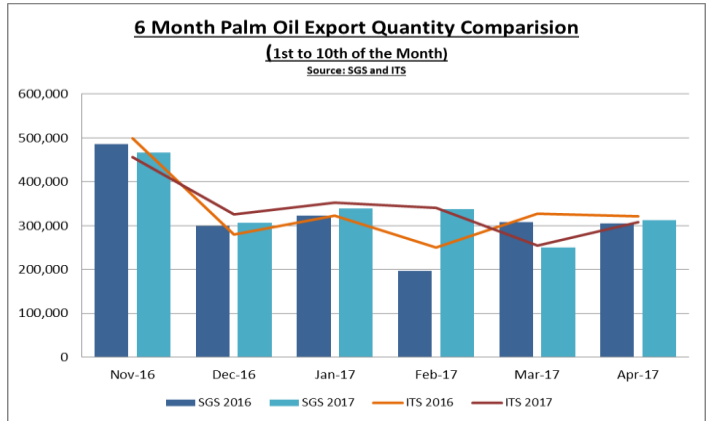
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**Demand and Supply Data**

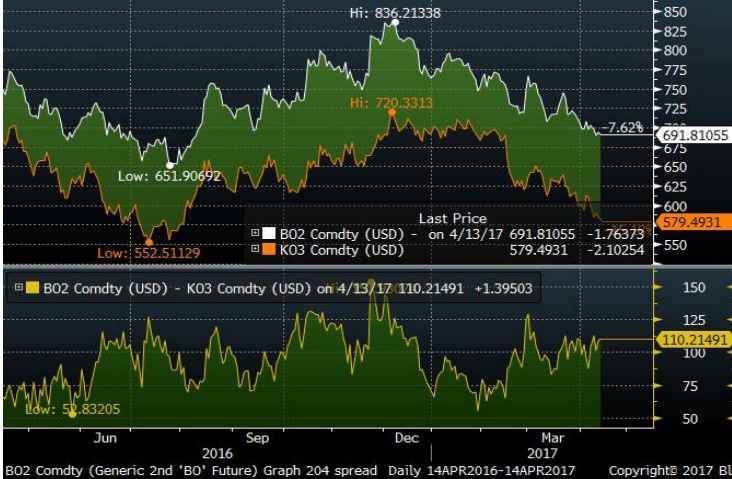
Date	ITS (in tonnes)			SGS (in tonnes)		
	Mar'17	Apr'17	Chg (%)	Mar'17	Apr'17	Chg (%)
First 10 days	254,141	307,249	20.9	250,481	312,489	24.8
First 15 days	492,321			507,491		
First 20 days	711,286			686,741		
First 25 days	896,621			902,628		
Full month	1,076,240			1,088,677		

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

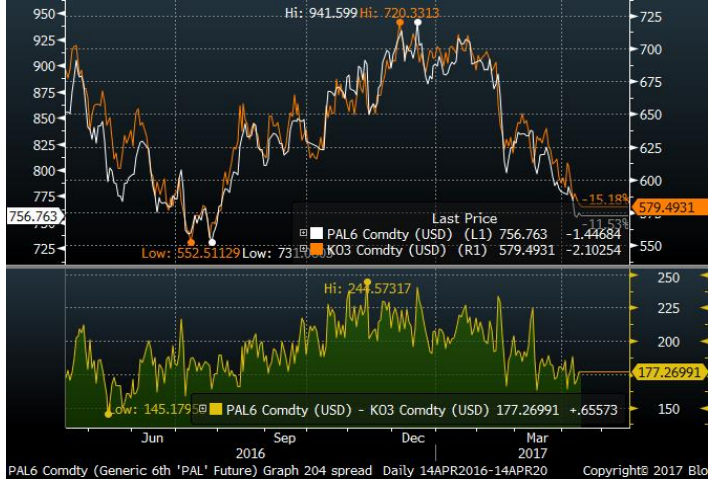
**Export Quantity Analysis**



**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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