

# FCPO Daily Commentary

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## PALM FCPO JUN17 (2829, +20)

Our Call of The Day:

**Mildly Bullish**  
23 March 2017

### FCPO 3rd Month Daily Candle Chart



### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Apr17	2,975	7	2,965	2,987	2,964	6,575	-720	876
May17	2,896	19	2,893	2,906	2,866	28,980	-778	4,410
Jun17	2,829	20	2,825	2,839	2,797	43,096	-265	21,970
Jul17	2,771	24	2,766	2,779	2,739	33,381	163	6,045
Aug17	2,724	25	2,713	2,734	2,696	11,433	-331	1,669
Sep17	2,695	26	2,676	2,703	2,666	27,631	471	2,073
Nov17	2,690	23	2,669	2,695	2,660	21,956	58	1,271
Jan18	2,711	22	2,690	2,716	2,688	9,288	285	884
Mar18	2,715	22	2,698	2,720	2,692	13,459	58	213
May18	2,707	13	2,688	2,714	2,687	9,850	219	538
Jul18	2,698	13	2,680	2,690	2,680	2,619	102	461
Sep18	2,683	13	2,670	2,680	2,670	553	85	277
Nov18	2,680	13	2,670	2,670	2,670	156	40	75
Jan19	2,680	13	-	-	-	0	0	-
Mar19	2,680	13	-	-	-	0	0	-
<b>Total</b>						<b>208,977</b>	<b>-613</b>	<b>40,762</b>

### Market Commentary

#### Highlights:

- Palm extend advance on slower production, soyoil gains
- CBOT soybeans close weak on U.S. plantings outlook

#### Crude Palm Oil

Malaysian palm oil futures hit a near two-week high on Wednesday, posted gain for second consecutive session amid an uncertain production outlook and forecasts. Soyoil rally provide further support.

The benchmark Jun 17 contract added RM20 to close at RM2,829 per tonne, prices were traded between RM2,839 and RM2,797 with total traded volume for palm stood at 40,762 lots.

Palm oil production typically rises in March from February. However, industry players are uncertain about the extent of production will pick up this month as palm oil trees still face the brunt of a crop-damaging El Nino, which reduces yields of fresh fruit bunches.

Besides, the expectations for a rise in soyoil prices after 2017 U.S. biofuel requirements came into effect also lend support to palm prices.

Today, we expect palm prices to continue the trading in positive note, tracking gain in overnight soyoil market. The palm prices supported in short-term, as palm oil supply remain tighten.

For the benchmark palm oil contract, we see support levels at RM2,800 and RM2,780 while resistance levels at RM2,860 and RM2,870.

#### Soybean (Reuters)

Chicago Board of Trade soybean futures dropped on Wednesday as traders eyed expectations of huge U.S. plantings that would add to the already record global stockpile of the oilseed.

Brokerage INTL FCStone forecast that U.S. farmers would plant a record 87.3 million acres of soybeans this spring, up from 83.4 million acres a year ago.

Analysts were expecting a U.S. Agriculture Department report on Thursday morning to show that export sales of soybeans were in a range of 450,000 tonnes to 850,000 tonnes (old-crop and new-crop combined) in the latest week. A week ago, soybean export sales totaled 697,360 tonnes.

Soymeal futures weakened for the fourth straight day. Support was noted at Tuesday's low. Soyoil futures rose for the fifth day in a row, hitting their highest level since March.

#### Spreads

Contract	Open	High	Low	Last	Vol
APR17 /May17	90	93	71	79	585
May17 /Jun17	69	70	66	67	2,524
Jun17 /Jul17	59	63	57	58	3,150
Jul17 /Aug17	47	48	40	47	461

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAY17	999.75	-1.75
Soybean Oil	MAY17	33.52	0.38
Soybean Meal	MAY17	323.50	-2.30
Crude Oil	MAY17	48.04	-0.20
DCE Palm Oil	SEP17	5,654	32.00
DCE Soybean Oil	SEP17	6,510	6.00

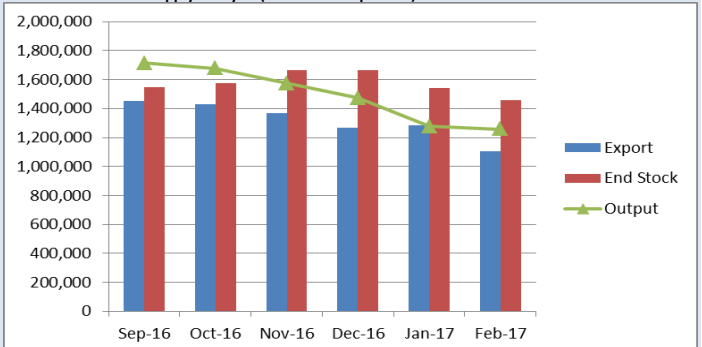
#### Exchange Rate

Currency	Last
USDMYR	4.4270
USDIDR	13,330
USDCNY	6.8769

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	MAR17	n.a.	5456.42	n.a.
FOB CPO (Indo)	USD/mt	APR17	705.00	715.00	710.00
FOB RBD Palm Olein (M'sia)	USD/mt	APR17	n.a.	730.00	728.75
FOB RBD Palm Oil (M'sia)	USD/mt	APR17	n.a.	727.50	n.a.

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

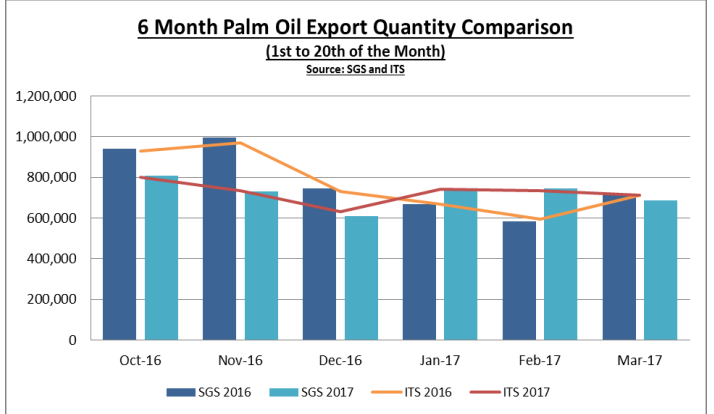


**Demand and Supply Data**

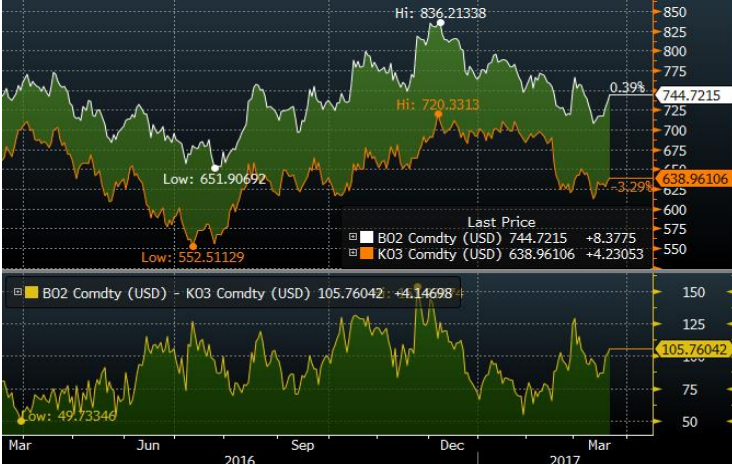
Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			Feb'17	Mar'17	Chg (%)
First 10 days	340,947	254,141	-25.5	337,282	250,481	-25.7
First 15 days	520,962	492,321	-5.5	501,748	507,491	1.1
First 20 days	733,288	711,286	-3	745,564	686,741	-7.9
First 25 days	907,078			916,444		
Full month	1,008,040			1,018,604		

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Jan'16	Feb'17	MoM (%)	Feb'17	Chg (%)
Production	1,276,852	1,258,538	-1.4		
Export	1,286,800	1,107,011	-14.0		
Import	71,591	40,331	-43.7		
Local Disapp	190,411	273,884	43.8		
Stock	1,541,082	1,459,056	-5.3		
Stock/Use ratio	1.05	1.06	1.0		

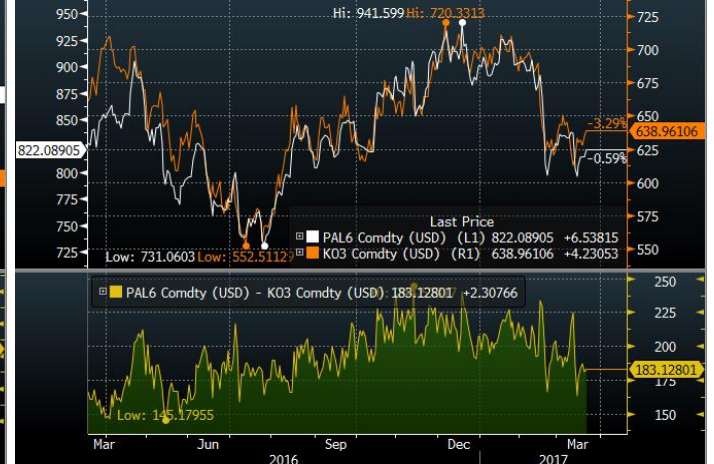
**Export Quantity Analysis**



**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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