

FCPO Daily Commentary

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PALM FCPO JUN17 (2771, -58)

Our Call of The Day:

Mildly Bearish
24 March 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil dropped on weaker competitive oil and technical selling
- CBOT soybeans fall to five-month low on rising supply views

Crude Palm Oil

Malaysian palm oil futures retreat on Thursday, biggest decline in nearly two weeks, weighed down by weaker-performing related edible oils and a technical selling.

The benchmark Jun 17 contract fell RM58 to close at RM2,771 per tonne, prices were traded between RM2,834 and RM2,763 with total traded volume for palm stood at 51,723 lots.

The palm oil production usually seasonal gains in March, but industry players remain uncertain about the extent of recovery. Palm oil trees are still suffering the effects of a crop-damaging El Nino weather event, which reduces yields of fresh fruit bunches and lowers overall output.

Recently, the ringgit stay stabilize due to no more large outflow, however the strengthening in ringgit has brought concerns over palm oil demand as it lowered the competitiveness for foreign buyer.

Today, we expect palm prices to open lower follow the sell-down in overnight soyoil market, technically the palm prices are supported above 200-moving average. The immediate support level seen at 2,745, price could further lower if this level break. Fundamentally, the palm prices supported in short-terms on supply tighten.

For the benchmark palm oil contract, we see support levels at RM2,745 and RM2,720 while resistance levels at RM2,800 and RM2,830.

Soybean (Reuters)

Soybean futures on the Chicago Board of Trade fell Thursday, with the spot May contract posting a five-month low on expectations of a massive South American soy harvest and an expansion in U.S. plantings.

The Buenos Aires Grains Exchange raised its estimate of Argentina's 2016/17 soy crop to 56.5 million tonnes, from 54.8 million previously, citing better-than-expected yields

Better-than-expected weekly U.S. export sales did little to stem the sell-off. The U.S. Department of Agriculture reported weekly export sales of old-crop soybeans at 738,200 tonnes, above a range of trade expectations, and sales of new-crop soybeans at 79,900 tonnes.

The National Biodiesel Board petitioned the U.S. government to impose antidumping and countervailing duties on imports of biodiesel from Argentina and Indonesia that it says have flooded the U.S. market and violated trade agreements.

CBOT May soyoil drifted lower on profit taking after hitting two-week highs on expectations that the United States would take steps to block some biodiesel imports.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Apr17	2,933	-42	2,975	2,975	2,922	5,749	-826	372
May17	2,840	-56	2,899	2,899	2,832	27,172	-1,808	3,811
Jun17	2,771	-58	2,833	2,834	2,763	43,963	867	27,456
Jul17	2,717	-54	2,775	2,775	2,707	34,614	1,233	8,119
Aug17	2,676	-48	2,729	2,729	2,669	12,220	787	3,081
Sep17	2,652	-43	2,700	2,700	2,643	27,425	-206	4,191
Nov17	2,652	-38	2,691	2,691	2,640	22,114	158	3,115
Jan18	2,674	-37	2,715	2,715	2,663	9,016	-272	1,045
Mar18	2,682	-33	2,698	2,698	2,665	13,585	126	331
May18	2,663	-44	2,694	2,694	2,663	9,824	-26	116
Jul18	2,652	-46	-	-	-	2,603	-16	69
Sep18	2,637	-46	-	-	-	549	-4	12
Nov18	2,634	-46	-	-	-	156	0	5
Jan19	2,634	-46	-	-	-	0	0	-
Mar19	2,634	-46	-	-	-	0	0	-
Total						208,990	13	51,723

Spreads

Contract	Open	High	Low	Last	Vol
Apr17 / May17	77	95	77	93	175
May17 / Jun17	67	69	62	69	2,837
Jun17 / Jul17	57	61	54	54	4,551
Jul17 / Aug17	45	46	38	41	833

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAY17	991.00	-8.75
Soybean Oil	MAY17	33.22	-0.30
Soybean Meal	MAY17	320.70	-2.80
Crude Oil	MAY17	47.70	-0.34
DCE Palm Oil	SEP17	5,608	-46.00
DCE Soybean Oil	SEP17	6,442	-68.00

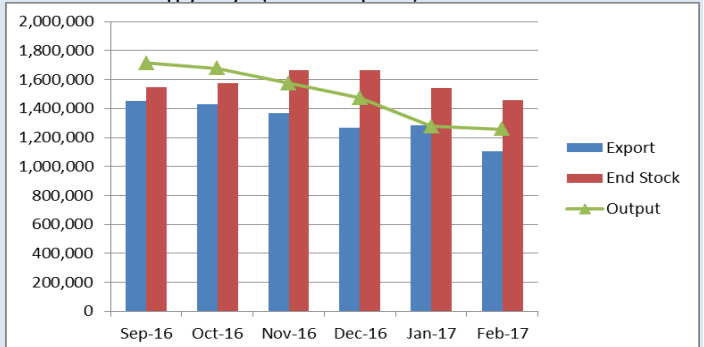
Exchange Rate

Currency	Last
USDMYR	4.4290
USDIDR	13,325
USDCNY	6.8862

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	MAR17	n.a.	5291.07	n.a.
FOB CPO (Indo)	USD/mt	APR17	697.50	705.00	701.25
FOB RBD Palm Olein (M'sia)	USD/mt	APR17	705.00	715.00	710.00
FOB RBD Palm Oil (M'sia)	USD/mt	APR17	n.a.	712.50	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

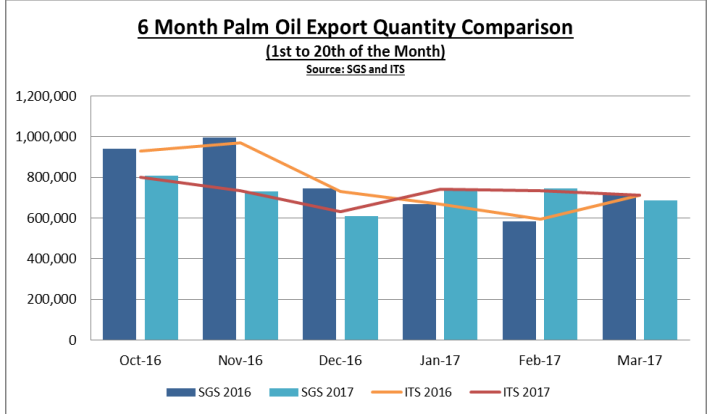


Demand and Supply Data

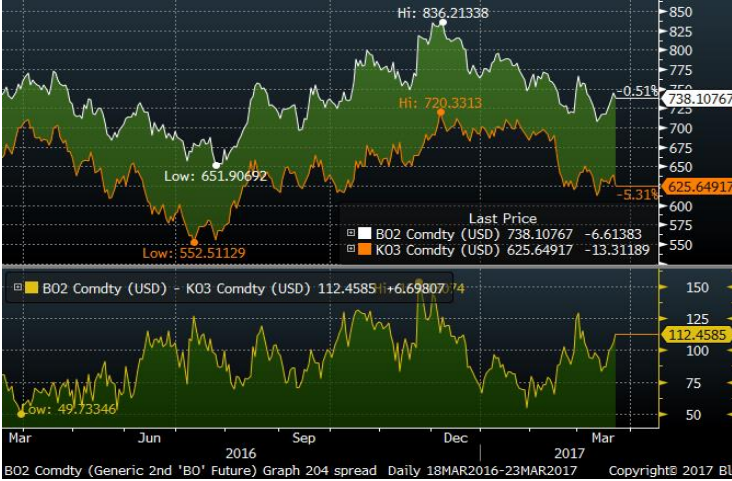
Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			Feb'17	Mar'17	Chg (%)
First 10 days	340,947	254,141	-25.5	337,282	250,481	-25.7
First 15 days	520,962	492,321	-5.5	501,748	507,491	1.1
First 20 days	733,288	711,286	-3	745,564	686,741	-7.9
First 25 days	907,078			916,444		
Full month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

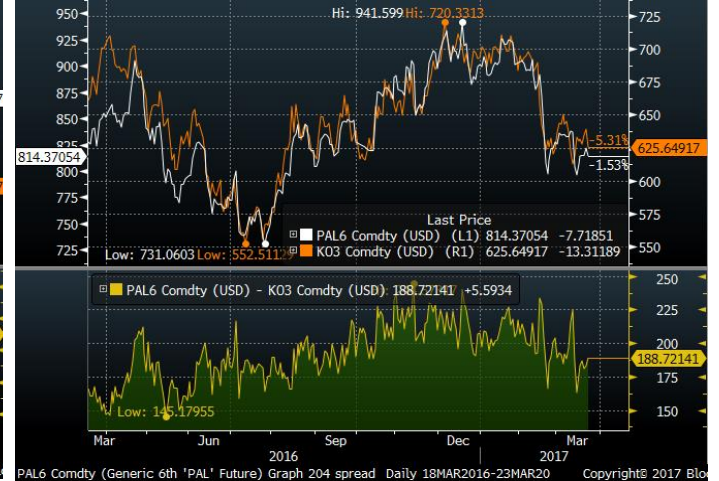
Export Quantity Analysis



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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