

Daily BMD CPO Price Outlook and Strategy

Decision enabling market analysis & price outlook



Report for 15 June 2017

BMD CPO Price Outlook Summary

BMD CPO Price Outlook Summary					
14 June 2017	BMD 3M MYR/MT	MY CPO 1M MYR/MT	MY RBD Olein FOB 1M USD/MT	ID CPO FOB 1M USD/MT	MYRUSD
Closing Price	2458	2660	682.5	668.75	4.256
Change	26.00	11.00	2.50	5.00	-0.005
Fundamental Summary	Critical Price drivers			Price Direction	
	Palm oil export 1-15 th Jun'17			Downward	
	Supply tightness in spot market			Upward	
	Limited labour force			Upward	
	MYR appreciation			Downward	
	Awaited NOPA crush report for May'17			Downward	
Next 10 Trading days	Price Outlook Summary				
	Consolidation in prices is likely to continue in the range of 2400 to 2500 in the coming trading days ahead of tuning lower again.				
	Direction	Downward			
Price Range	2500 to 2350				

BMD CPO Trading Strategy

	Contract	Position	Entry	Entry Date	Objective	Stop Loss
Fresh / Open Position	Sep'2017	Long	2410 to 2400	--	2480	Below 2380

Strategy Review

Risky traders should consider above mentioned strategy for fresh position.

Closed Positions Audit

Market	Period	Strike Rate %	Net Profit Per Lot
BMD CPO 3M	2010 to Till date	73.53%	MYR 27.78
	May 2017	33.33%	MYR -40.00

Fundamental Analysis

- ✓ Palm oil futures contract for Aug'17 delivery broaden the gains for 2nd successive day by tracking cues from tighter inventories at Malaysia M-o-M basis. However, oncoming supply pressure kept prices under pressure at same time.
- ✓ On Wednesday, the most active contract for palm oil concluded the session at MYR 2458/ tons increased by 1.07% compared to previous day.
- ✓ At spot, lower supply due to limited workforce at plantation kept seller away from market which lead to supply tightness and subsequently kept higher prices in spot market during last trading day.
- ✓ Investors are keenly waiting for SGS & ITS export pace for 1-15th Jun'17 and we might see negative growth M-o-M basis due to fading of Ramadan demand from major destinations likes Middle East & Indian subcontinent and we might see 40 thd tons per day export pace Vs 50 Thd tons in last month. In this context, we would see 8-9% lower palm oil export from Malaysian M-o-M basis.
- ✓ At production front, Malaysian palm oil production for Jun'17 is expected to lower down by 3-4% M-o-M basis due to less no. of working days during Ramadan festival while domestic consumption is expected to surge during same time frame.
- ✓ In this context, due to slower production pace amid weak export, Malaysian palm oil stock for Jun'17 is expected to remain flat moving forward.
- ✓ At destination front, Indian palm oil import is estimated for May'17 to rise 21% to 798,000 metric tons from 657,454 metric tons a year earlier.
- ✓ In long term, palm oil supply is expected higher in coming months especially from July-Aug at Malaysia & Indonesia and consequently keeping prices under pressure in coming months.
- ✓ At soy front, US Soybean crop planting campaign is progressing at good. In addition, long-term weather outlook is indicating favourable for soy crop, which would boost yield number which would weigh on soy complex moving forward.

Daily BMD CPO Price Outlook and Strategy

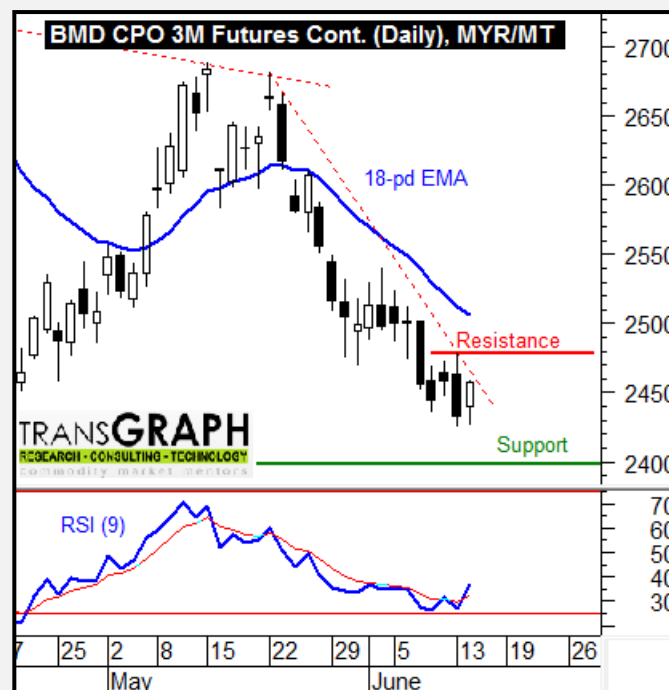
Decision enabling market analysis & price outlook



- At energy front, Preliminary API data showed that US crude oil inventories increased by 2.8 million barrels in the week ending 9th Jun from a week earlier due to rise in imports which would weigh on energy prices in coming days

Technical Outlook: BMD CPO Aug'17

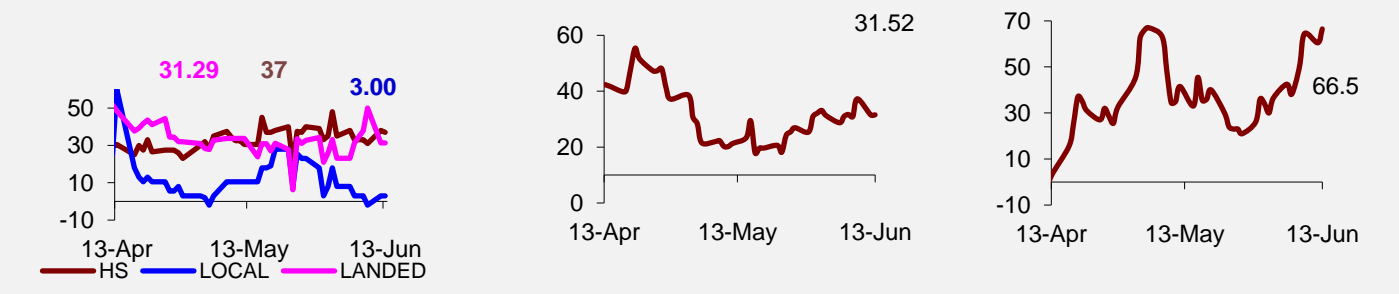
- BMD CPO Aug'17 futures prices traded with positive momentum within its previous day range there by placing bullish harami candlestick pattern in the last trading day.
- The downside support is expected in the range of 2421 to 2400 which is provided by previous swing low of Aug contract and 261.8% Fibonacci extension of first downside swing after striking falling trend based resistance line respectively.
- Any retracement in price is likely to find momentum based resistance around 2480 while until market moves above MYR 2540 negative sentiment is likely to continue.
- On the daily technical set up RSI (9) has turned up depicting some positive bias in the price action to continue in 1 or 2 days.
- However, note that, prices have moved below its long term trend line that had started from month of Sep 2015 till Dec'16. And now sustaining below 2450 shall open scope for market trending lower towards 2350 to 2250 in the coming few weeks.



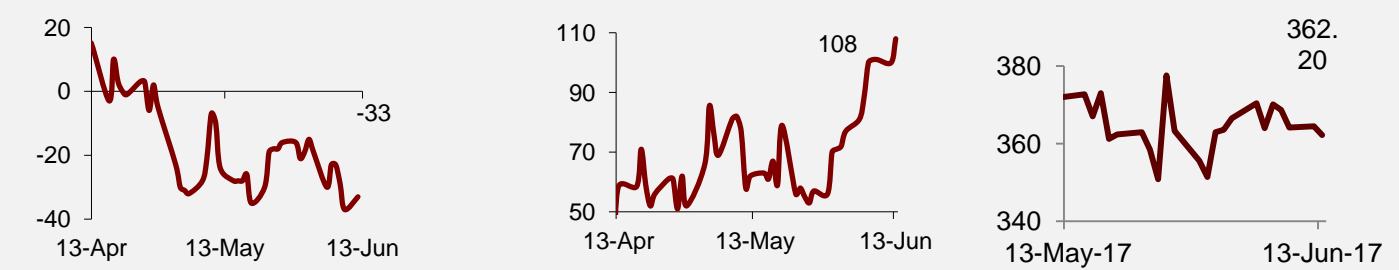
Concisely, consolidation in prices is likely to continue in the range of 2400 to 2500 in the coming trading days ahead of tuning lower again.

RBD Olein (local) to CPO spreads (INR/10 kg) Refining Margin @INR	Palm oil refining margins (FOB Malaysia basis, USD/MT)	Soy-RBD Olein price spread (At origin, USD/MT)
---	--	--

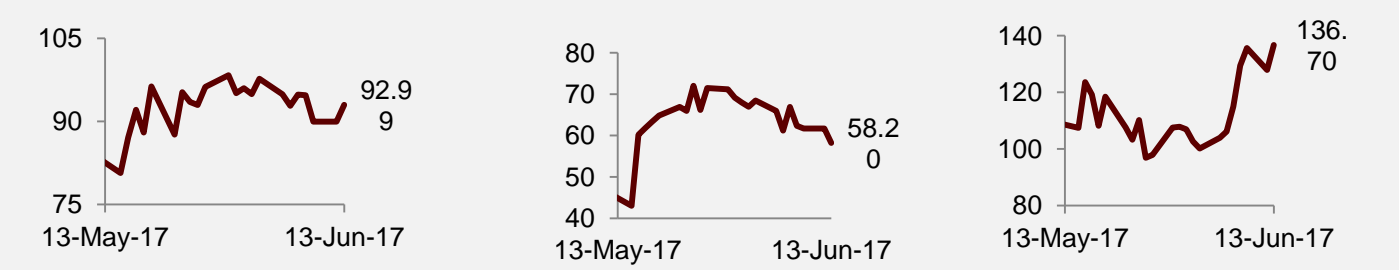
20/10 kg Refining cost exclusive of Stearin and PFAD realization
All prices on Kandla basis



Gross margin after product realization



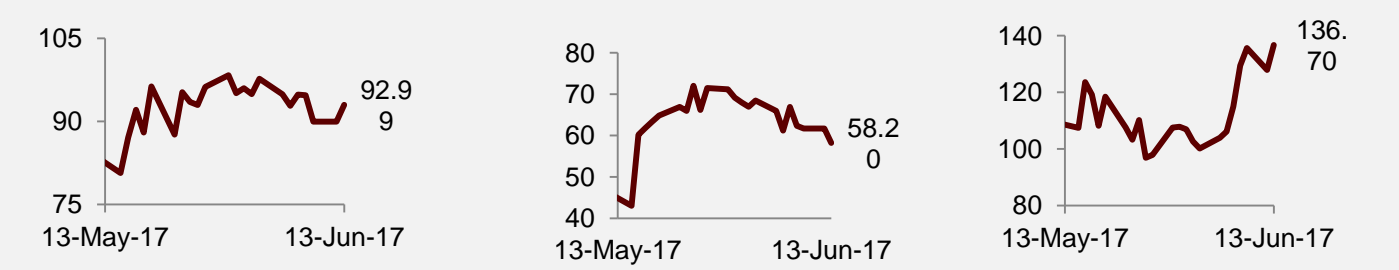
Sun-Soy price spread (FOB Argentina, USD/MT)



Soy-CPO price spread (CNF India, USD/MT)



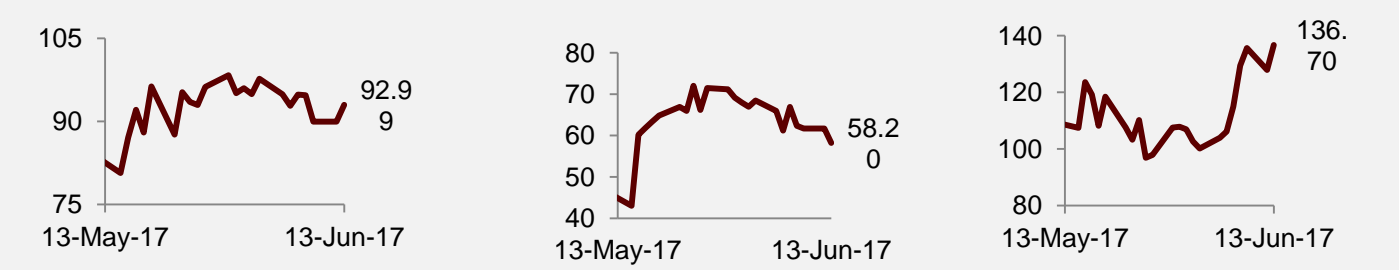
Spread (CPO-Brent) USD/MT



Indonesia Spot - BMD CPO (USD/MT)



MY CPO-BMD Future (USD/MT)



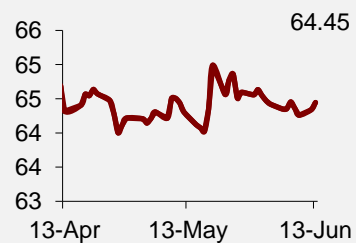
Spread CME BO - BMD CPO (USD/MT)



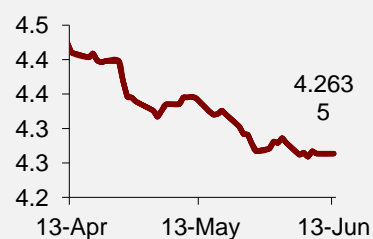
INR vs. USD MYR vs. USD Euro vs. USD

Daily BMD CPO Price Outlook and Strategy

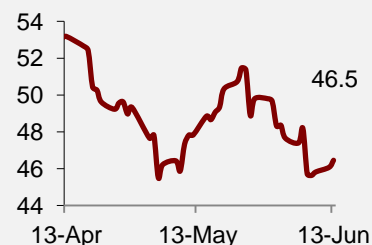
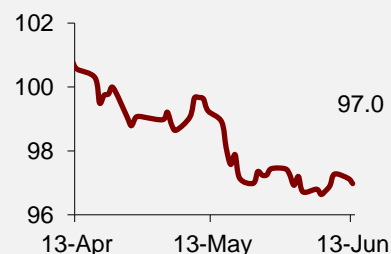
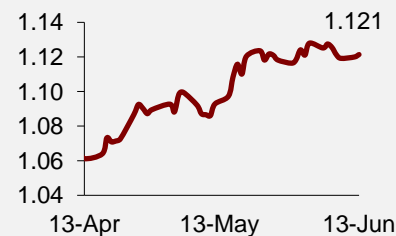
Decision enabling market analysis & price outlook



Dollar Index



NYMEX Crude (USD/BBL)



Market Prices

Exchange	Contract	14 June 2017				Change	Previous Close
		Open	High	Low	Close		
BMD CPO MYR/MT	Jun'17	2660	2670	2660	2660	11.00	2649
	Jul'17	2541	2569	2530	2561	32.00	2529
	Aug'17	2440	2459	2426	2458	26.00	2432
	Sep'17	2408	2422	2393	2421	23.00	2398
	Oct'17	2402	2414	2388	2413	19.00	2394
	Nov'17	2409	2417	2392	2415	19.00	2396

Contract Specifications: 1 lot = 25 tons

Market	Commodity	14 June 2017	13 June 2017	Change	% Change
South Malaysia	Crude Palm Oil, Jun'17 MYR/MT	2700	2680	20.00	0.75
South Malaysia	Crude Palm Oil, Jul'17 MYR/MT	2570	2550	20.00	0.78
South Malaysia	Crude Palm Oil, Jun'17 USD/MT	634	629	5.00	0.79
Malaysia	RBD Palmolein, FOB Jun'17 USD/MT	682.5	680	2.50	0.37
Malaysia	RBD Palmolein, FOB Jul'17 USD/MT	655	650	5.00	0.77
Malaysia	RBD Palmolein, FOB Aug'17 USD/MT	627.5	623.75	3.75	0.60
Malaysia	RBD Palm oil, FOB Jun'17 USD/MT	680	677.5	2.50	0.37
Malaysia	RBD Palm oil, FOB Jul'17 USD/MT	652.5	647.5	5.00	0.77
Malaysia	RBD Palm oil, FOB Aug'17 USD/MT	627.5	622.5	5.00	0.80
Malaysia	RBD Palm Stearin, FOB Jun'17 USD/MT	617.5	615	2.50	0.41
Malaysia	RBD Palm Stearin, FOB Jul'17 USD/MT	615	612.5	2.50	0.41
Indonesia	CPO FOB Dumai /Belawan Jun'17 USD/MT	668.75	663.75	5.00	0.75
Indonesia	CPO FOB Dumai/Belawan Jul'17 USD/MT	656.25	650	6.25	0.96
Indonesia	CPO FOB Dumai/Belawan Aug'17 USD/MT	615	610	5.00	0.82
Spread	CPO Indonesia FOB - CPO Malaysia FOB USD/MT	34	35	-1.00	-2.86
India	CNF CPO @ Kandla USD/MT	695	692	3	0.43
India	CNF RBD Olein @ Kandla USD/MT	700	697	3	0.43
India	CNF Soy Degum @ Kandla USD/MT	805	797	8	1.00
India	CPO Kandla High seas INR/10 kg	500	502	-2	-0.40
India	RBD Palmolein Kandla INR/10 kg	540	542	-2	-0.37
India	RBD Palmolein JNPT INR/10 kg	545	542	3	0.55

Daily BMD CPO Price Outlook and Strategy

Decision enabling market analysis & price outlook



Our Extensive coverage of Edible Oilseeds & Oils Complex

Report	Coverage #	Price Outlook & Strategies
Daily BMD Palm Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	MY.CPO.BMD
Daily CME Soy Complex Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	USA.SB.CME, USA.SM.CME, USA.SBO.CME
Daily Indian Edible Oil and Oilseed Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	IN.CPO.MCX, IN.SB.NCDEX, IN.SBO.NCDEX, IN.RMS,NCDEX, IN.SM.KANDLA
Weekly Edible oil and Oilseeds Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	AR.SBO.1M, USA.SBO.CME, MY.CPO.BME, MY.RBDO.FOB, IN.SBO.NCDEX, IN.SBO.INDORE, IN.CPO.MCX
Weekly Edible oil Elliott wave analyser	EWA, PO, 6W	MY.CPO.BMD, USA.SBO,CME, PH.CNO.1M, AR.SFO.1M, UKR.SFO.1M
Weekly Indian Edible Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	IN.RSO.JAIPUR, IN.GNO,RAJKOT, IN.CNO,KOCHI, IN.RBO,KHANNA
Weekly Lauric Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	MY.PKO.1M, RTDM.CNO.1M, MY.PS.SPOT, MY.PFAD.SPOT
Weekly Palm Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	MY.RBD.1M, ID.CPO.1M
Weekly Soy Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	AR.SBO.1M
Weekly Sunflower Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	AR.SFO.1M, UKR.SFO.1M
Bi-Weekly Poultry Feed Market Analysis and Price Outlook	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	IN.SB.NCDEX, IN.SM.INDORE, IN.MZ.NIZAMABAD
Monthly Edible oil and Oilseed Complex Special Report	FA, BS, WA, PI, TA, PO, 2-3M	USA.SB.CME, USA.SM.CME, USA.SBO.CME, AR.SBO.1M, DXY.SPOT, USDBRL, USDARS, UKR.SFO.1M, MY.CPO.BMD, ID.CPO.1M, USDIDR, USDMYR, MY.CPKO.1M, PH.CNO,1M, IN.SBO.NCDEX, IN.SB.NCDEX, IN.RS.NCDEX.IN.RSE.KANDLA, IN.RSO.JAIPUR, IN.CPO.MCX, IN.CPO.KANDLA, IN.RS.RAJKOT

News Update **NU**, Fundamental Analysis **FA**, Balance Sheets **BS**, Weather Analysis **WA**, Policy Impact **PI**, Technical Analysis **TA**, Trading Strategies **TS**, Procurement Strategies **PS**, Price Outlook **PO**, Market Intelligence **MI**, Facts & Figures **FF**, Market Prices **MP**, Price Spreads **PS**, Forward Curves **FC**, Elliott Wave Analysis **EWA**, 5D, 2W, 6W, 2M, 4-6M

LEGAL INFORMATION

This document is the whole property of TransGraph Consulting Private Limited, Hyderabad, India (hereafter "TransGraph").

The following acts are strictly prohibited:

- Reproduction and/or forwarding for sale or any other uses
- Posting on any communication medium
- Transmittal via the Internet

Terms of usage

Upon receipt of this document either directly or indirectly, it is understood that the user will and must fully comply with the other terms and conditions of TransGraph. By accepting this document the user agrees to be bound by the foregoing limitations. This publication is prepared by TransGraph and protected by copyright laws. Unless otherwise noted in the Service Agreement, the entire contents of this publication are copyrighted by TransGraph, and may not be reproduced, stored in another retrieval system, posted on any communication medium, or transmitted in any form or by any means without prior written consent of TransGraph. Unauthorized reproduction or distribution of this publication, or any portion of it, may result in severe civil and criminal penalties, and will be prosecuted to the maximum extent necessary to protect the rights of TransGraph. The information and opinions contained in this report have been obtained from sources TransGraph believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate or complete and it should not be relied upon as such. This report does not constitute a prospectus or other offering document or an offer or solicitation to buy or sell any assets (commodities, currencies, etc) or other investment. Information and opinions contained in the report are published for the assistance of recipients, but are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient; they are subject to change without any notice and not intended to provide the sole basis of any evaluation of the instruments discussed herein. Any views expressed reflect the current views of the analysts, which do not necessarily correspond to the opinions of TransGraph or its affiliates. Opinions expressed may differ from views set out in other documents, including research, published by TransGraph. Any reference to past performance should not be taken as an indication of future performance. No member in the public related to TransGraph accepts any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report.

Analyst Certification

Each analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the analyst's views about any and all of the factors and assets (commodities, currencies, etc) named in this report, and (ii) no part of the analyst's compensation is directly or indirectly, related to the execution of the specific recommendations or views expressed herein.

Errors and Omissions Excepted (E&OE)

Copyright © TransGraph Consulting Private Limited, Hyderabad, India.

Talk to us on: **+91-40-46619999**

Research Queries: services@transgraph.com

Sales: mktg@transgraph.com

TransRisk software: demo@transgraph.com

More info: www.transgraph.com | www.transrisk.net

Daily BMD CPO Price Outlook and Strategy

Decision enabling market analysis & price outlook



TransGraph Consulting Private Limited
6C/A, Melange Towers, Sy.No.80-84, Hitech City, Hyderabad – 500081, India