

Palm snaps 7-day losing streak on technical correction, demand worries persist
Malaysian Insider
June 3, 2014

Malaysian palm oil futures edged up today to snap a seven-day losing streak as prices headed into a round of technical correction, traders said, although worries about demand for the tropical oil capped the gains.

Disappointing export data for the full month of May weighed on prices, keeping them near the seven-and-a-half month lows touched yesterday.

"Today is purely a correction day after a fall for seven days," said a trader with a foreign commodities brokerage in Kuala Lumpur. "After dropping more than RM200 per tonne, a correction or retracement is in store for the market."

By the midday break, the benchmark August contract on the Bursa Malaysia Derivatives Exchange had edged up 0.2% to RM2,421 per tonne, with prices trading between RM2,400 and RM2,431.

Prices yesterday had dipped to as low as RM2,386, their weakest since October 18, 2013.

Total traded volume stood at 15,789 lots of 25 tonnes, above the usual 12,500 lots.

Technicals showed palm oil may hover above support at RM2,395 per tonne for one trading session or rebound slightly to RM2,446 before falling again, said Reuters market analyst Wang Tao.

Market players had earlier expected palm demand to spike in April and May as buyers in India, Pakistan and the Middle East replenish stocks ahead of the Muslim festival of Ramadan and Eid al-Fitr.

Palm oil, commonly used as cooking oil and as an ingredient in foods ranging from cookies to chocolate, typically sees higher consumption ahead of festive seasons.

"The sentiment is still negative for now. We were looking at an 8-11% rise (for exports) but the figures showed less than that," the Kuala Lumpur-based trader added.

Cargo Intertek Testing Services reported Malaysian palm oil exports rose 7.8% in May compared with April, while another cargo surveyor Societe Generale de Surveillance showed exports for the month were 8.8% higher.

The rise was below expectations of market players and slower than the 23% jump recorded in the May 1-15 period.

In other markets, Brent edged up near US\$109 a barrel today, just off a three-week low, as positive economic indicators from the United States and China lifted the fuel demand outlook in the world's two largest oil consumers, offsetting a rise in Opec production.

In other competing vegetable oil markets, the US soyoil contract for July was flat in early Asian trade, while the most active September soybean oil contract on the Dalian Commodities Exchange lost 1.1%. – Reuters, June 3, 2014.

Hakcipta © 2013 The Malaysian Insider

Source:

<http://www.themalaysianinsider.com/business/article/palm-snaps-7-day-losing-streak-on-technical-correction-demand-worries-persi>