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MARKETPLACE

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Lasted Development on Bursa Malaysia Derivatives' Crude Palm Oil Futures (FCPO) Contract

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Crude Palm Oil Futures (FCPO) Contract Revamp

To further strengthen the **Crude Palm Oil Futures (FCPO)** contract, certain contract specifications will be revamped. The changes adopted fall in line with current market developments and industry needs.

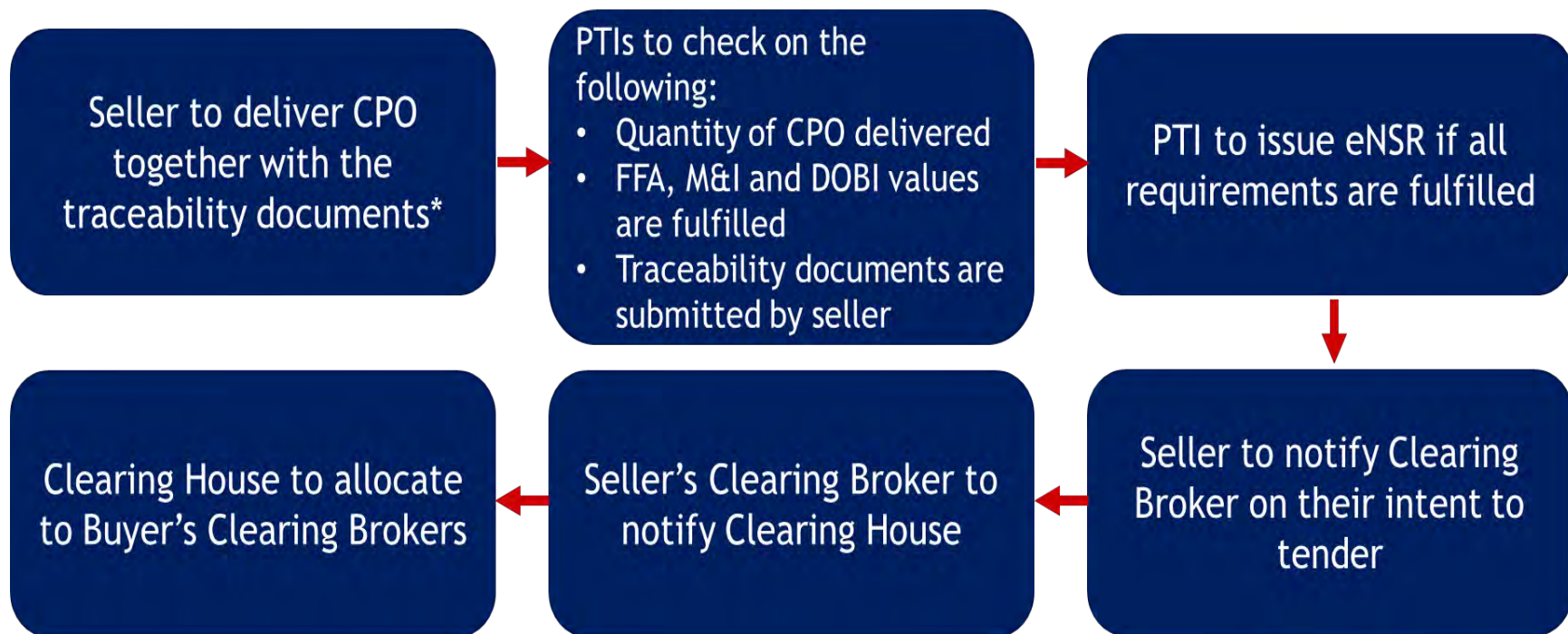
The 4 amendments to the FCPO contract specifications are:

- i. FCPO delivery to be traceable up to the Palm Oil Mill
- ii. Increase in Position Limits
- iii. Revision of Trading Hours
- iv. Extension of Trading Tenure

1. Facilitating the Delivery of Traceable CPO up to the Oil Mill

- **Sellers** who wish to avail the physical delivery mechanism of BMD's FCPO market must now provide to the **Port Tank Installation (PTI)** their company's traceable document up to the Palm Oil Mill
- **Buyers**, who has been allocated, will now be able to collect the crude palm oil from the PTI with accompanying traceability documents
- The traceability document will contain the following information:
 - Parent Company's (Seller) Name
 - Palm Oil Miller Company's Name
 - Palm Oil Miller Company's Address
 - Palm Oil Miller's GPS Coordinates
 - Weight

New Flow of FCPO Physical Delivery for Seller



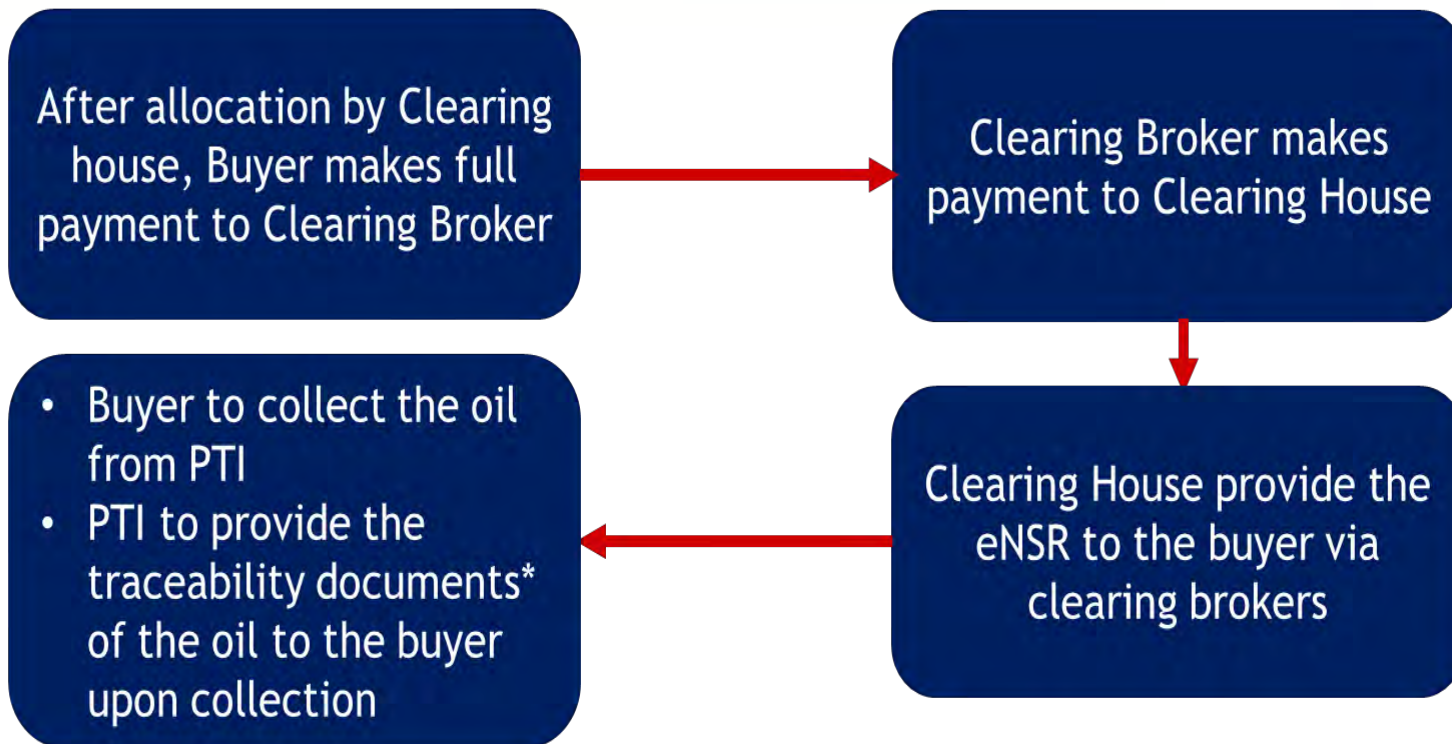
*Information required for traceability documents

- Parent Company
- Mill Party
- Mill Address
- Mill Coordinates: Longitude and Latitude
- Quantity of CPO received in MT



Next slide on
buyer's flow

New Flow of FCPO Physical Delivery for Buyer



Continue from
Seller Flow

*Information required for traceability documents

- Parent Company
- Mill Party
- Mill Address
- Mill Coordinates: Longitude and Latitude
- Quantity of CPO received in MT

2. Increased Position Limits

- Position limits for the FCPO market is raised allowing traders to hedge their Palm Oil exposure without the need to seek additional exemption. This change eases the trading process and improve efficiency for hedgers

	Previous Position Limits	New Position Limits
Spot Month	800	1,500
Single Month	10,000	20,000
All Months Combined	15,000	30,000

3. Revision of Trading Hours

- The objective of this revision is to allow traders to have additional 30 minutes for trading and hedging activities.

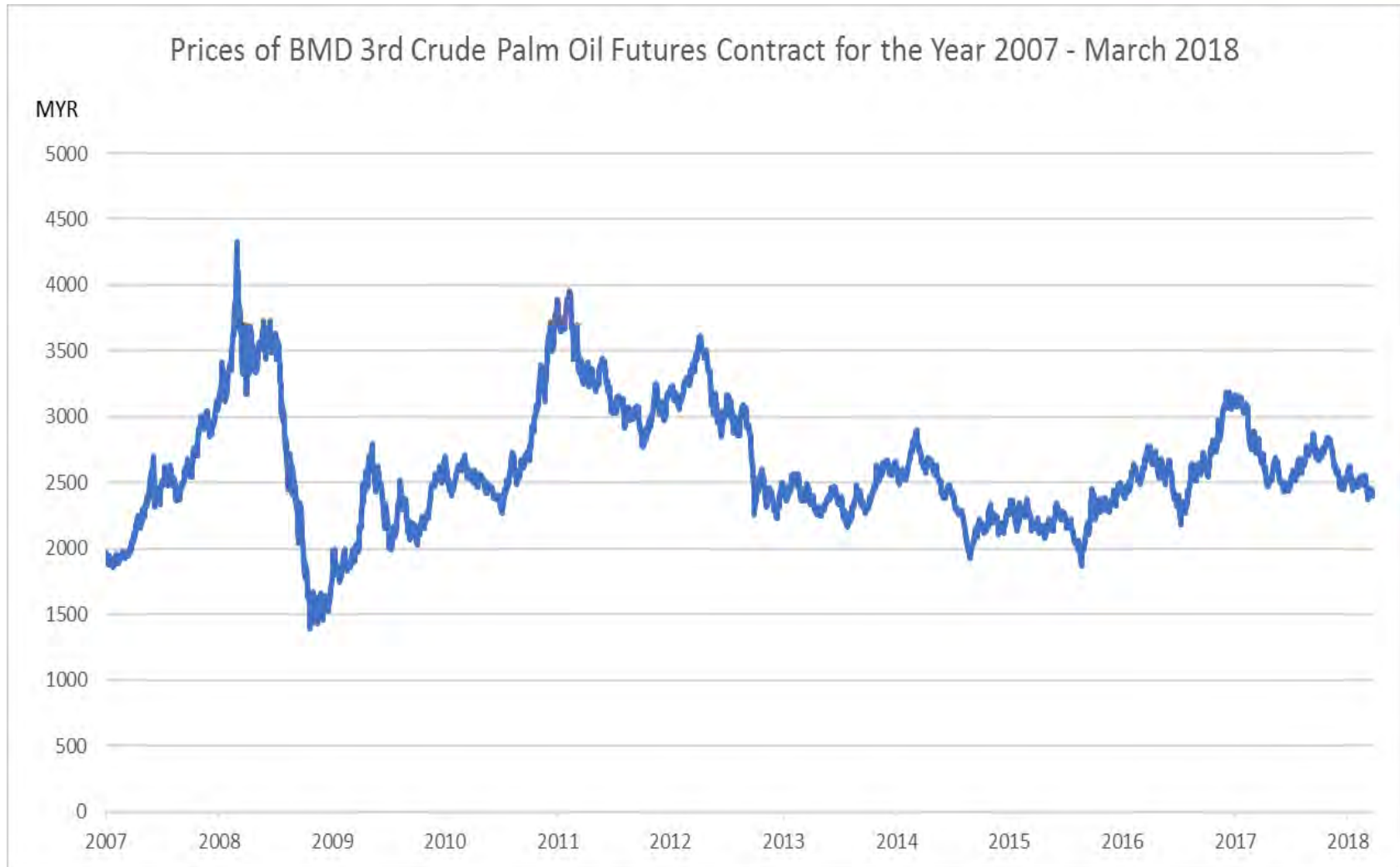
	Previous Trading Hours	New Trading Hours
Morning Session	10:30am – 12:30pm	10:30am – 12:30pm
Afternoon Session	3:00pm – 6:00pm	2:30pm – 6:00pm
Total Trading Time	300 minutes	330 minutes

4. Extension of Trading Tenure

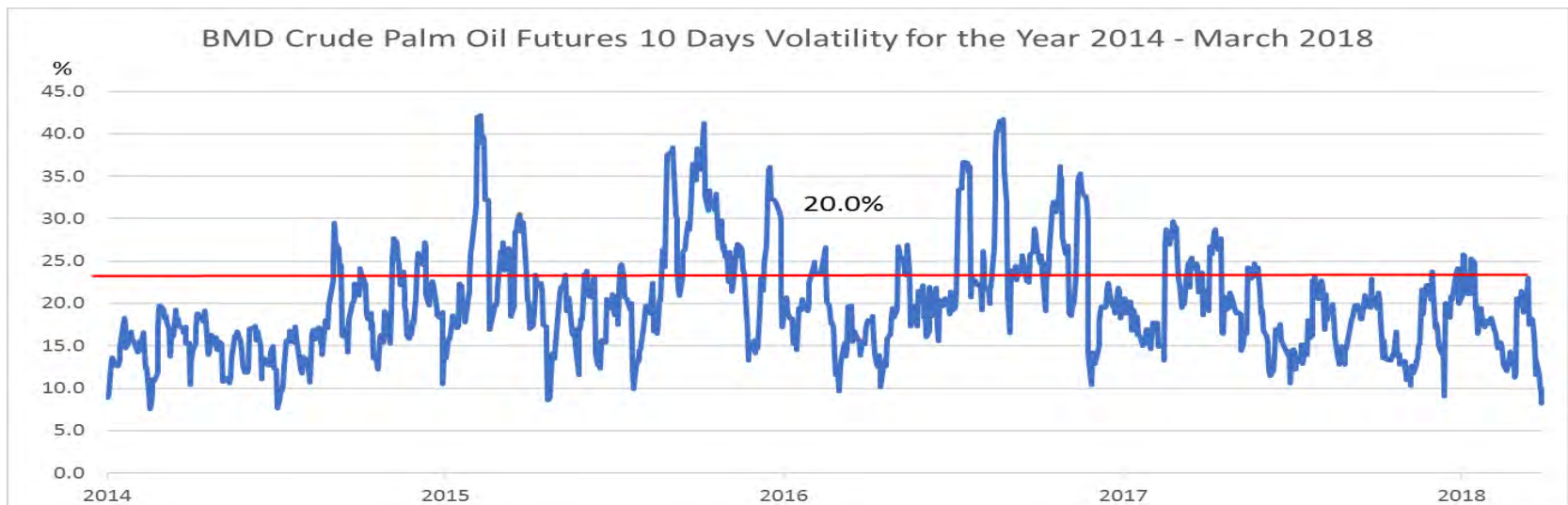
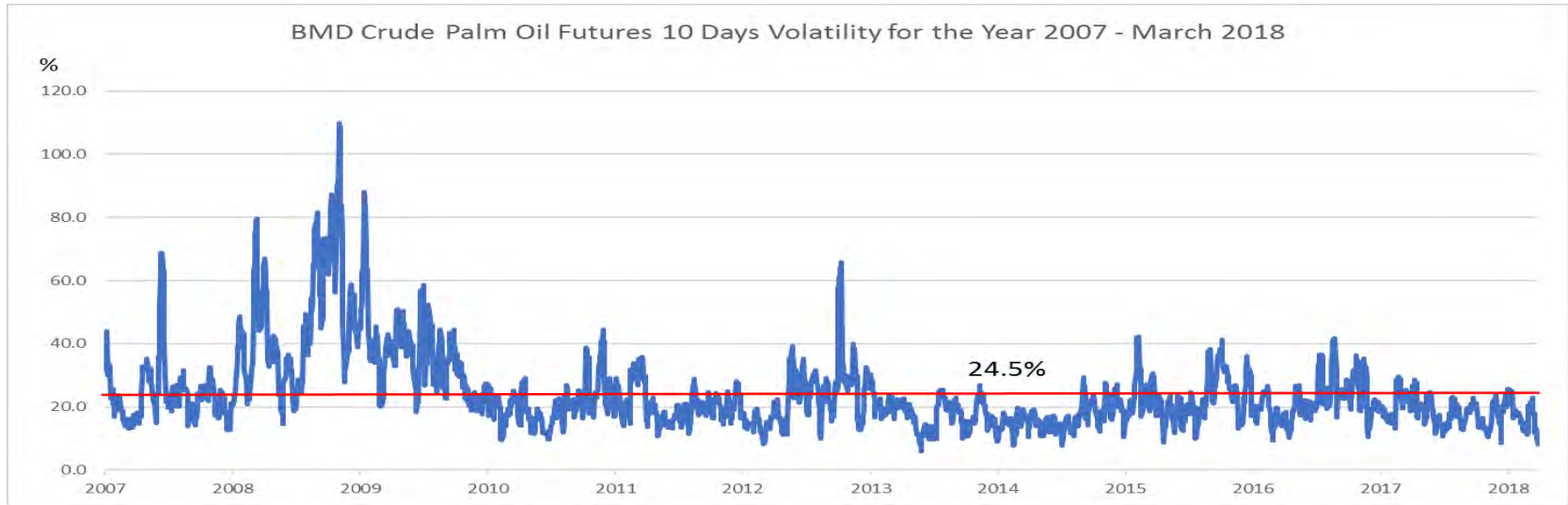
- This revamp allows traders to lengthen hedging capabilities of their current Palm Oil exposure by having additional tradeable contract months

Previous Trading Tenure	New Trading Tenure
Spot month and the next 5 succeeding months, and thereafter, alternate months up to 24 months ahead	Spot month and next 11 succeeding months. Thereafter alternate (odd) months up to 36 months ahead.
15 contract months	24 contract months

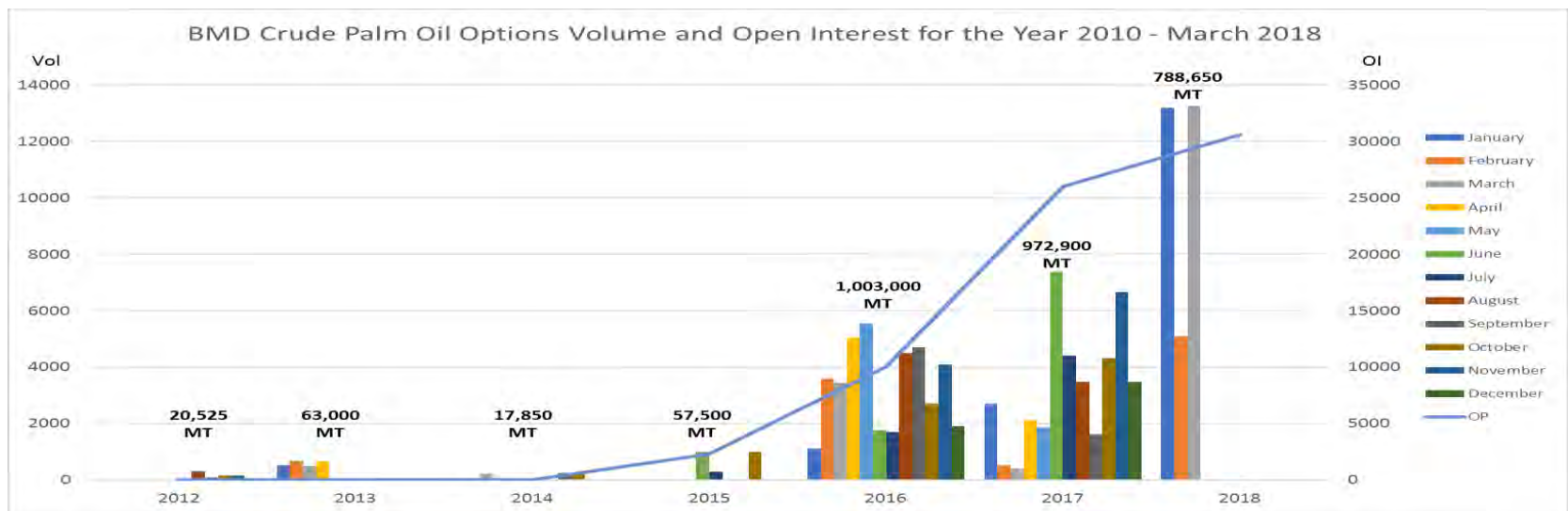
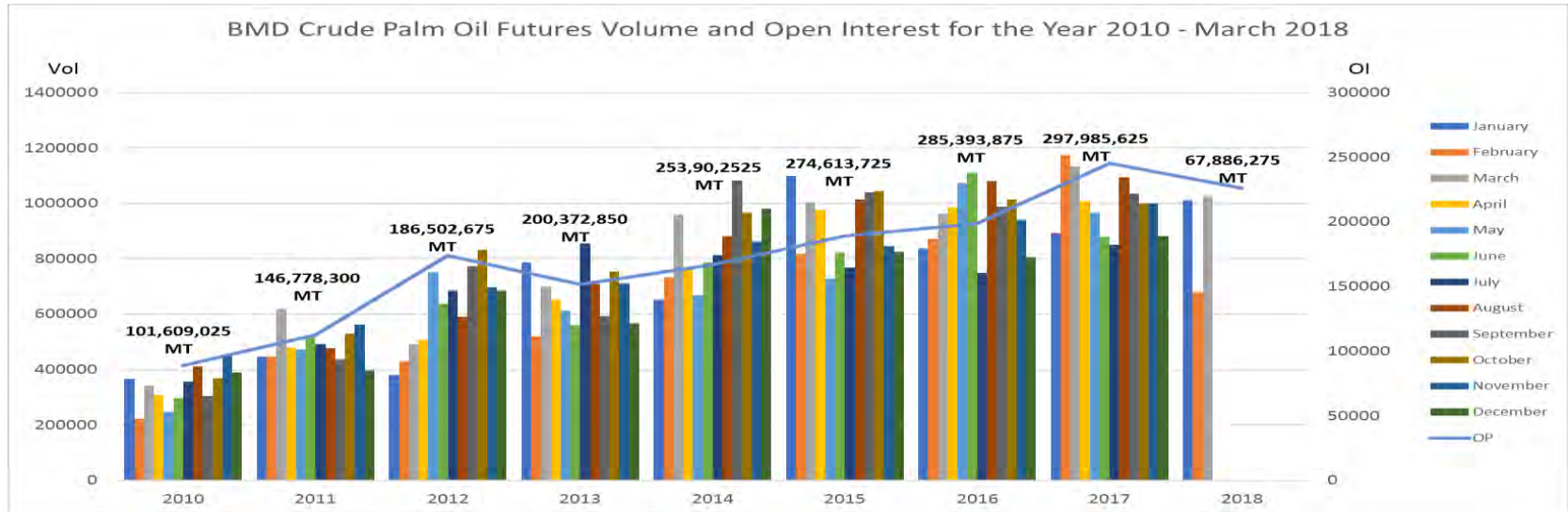
Price of BMD 3rd Crude Palm Oil



CPO 10 Days Volatility

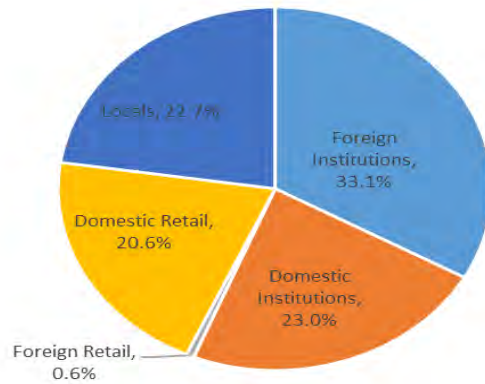


BMD Palm Oil Futures and Options Volume & Open Position

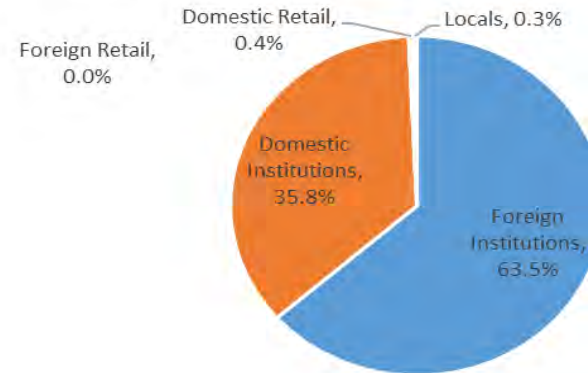


BMD Crude Palm Oil Futures and Option Market Demography

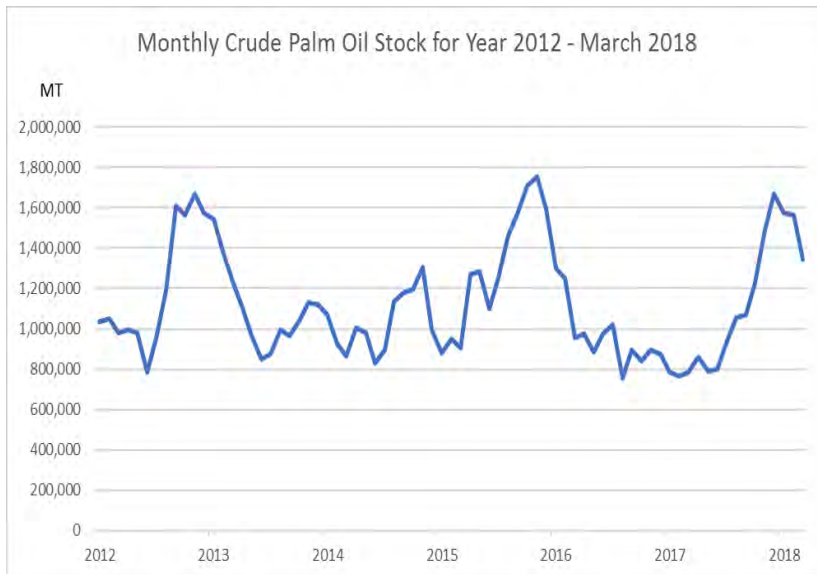
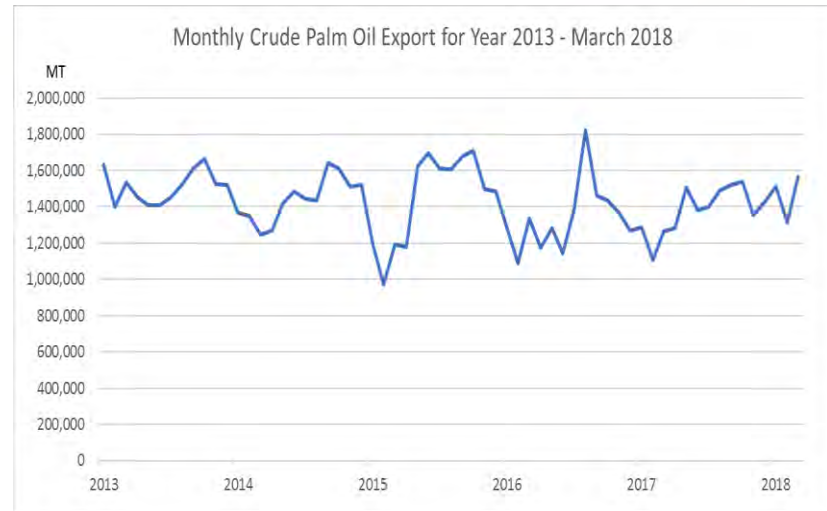
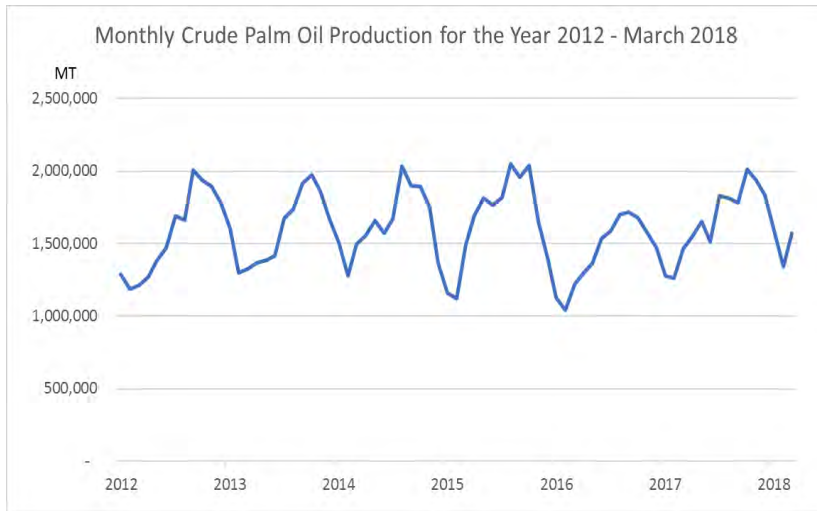
FCPO Market Demography for Year 2017



OCPO Market Demography for Year 2017

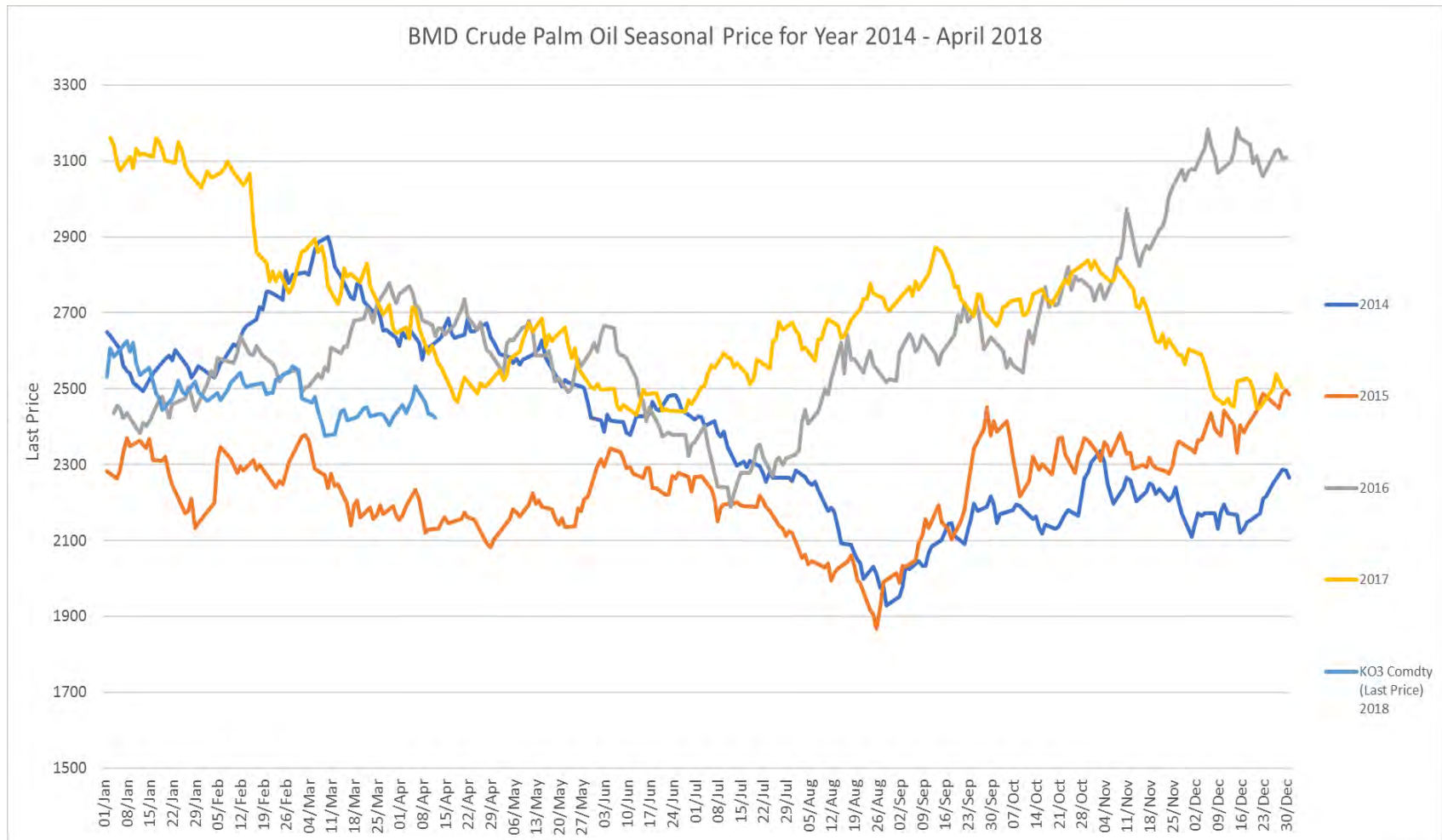


BMD Crude Palm Oil Statistics

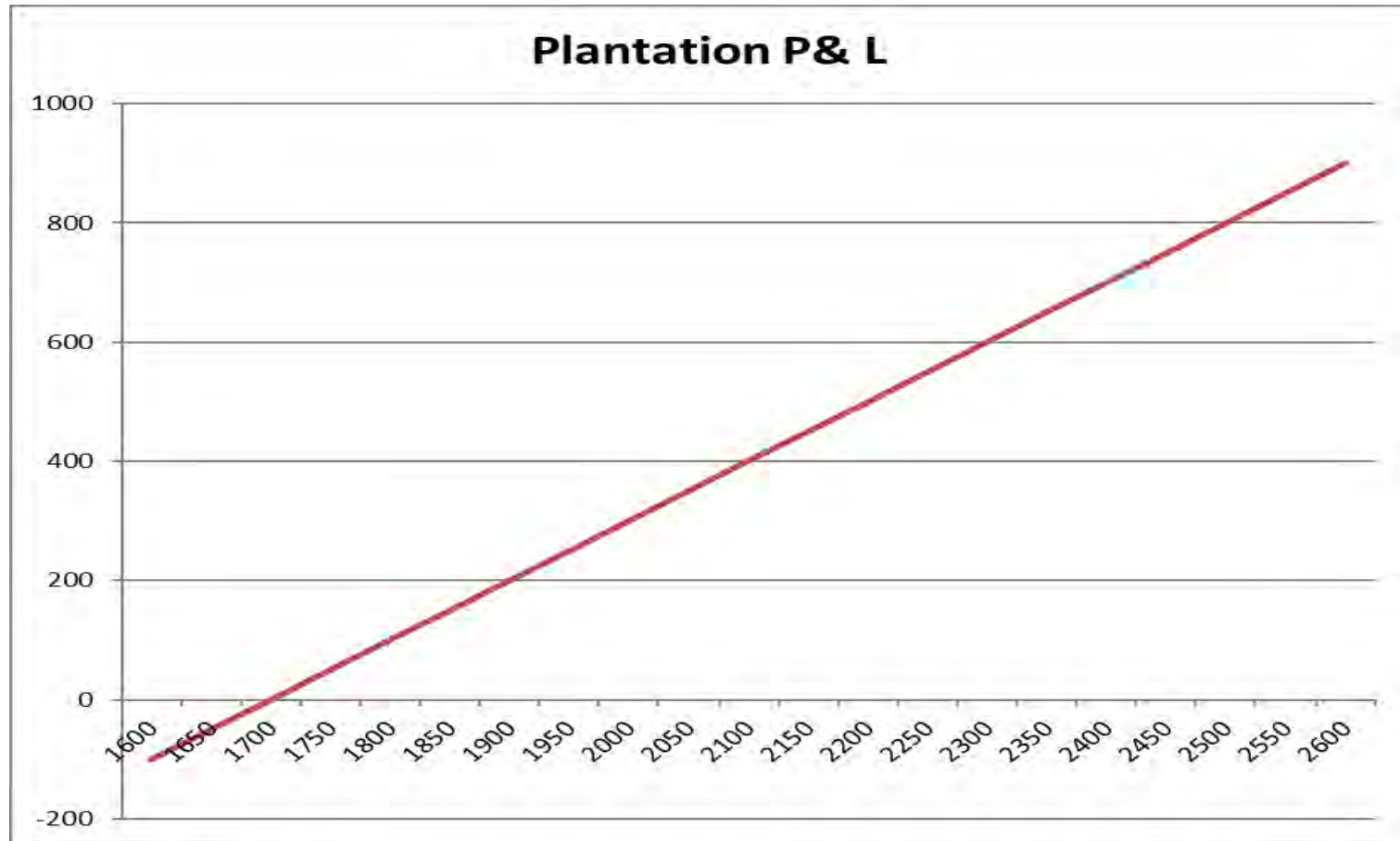


Country	2016 (MT) Jan - Dec'	2017 (MT) Jan - Dec'	2017 (MT) Jan - Mar'	2018 (MT) Jan - Mar'	Differences 2018 (MT) Jan - Mar'
China	1.88	1.91	0.37	0.39	0.02 ↑
India	2.82	2.02	0.44	0.91	0.47 ↑
Saudi Arabia	0.17	0.37	0.11	0.09	0.02 ↓
Pakistan	0.88	1.01	0.15	0.28	0.13 ↑
Egypt	0.15	0.19	0.05	0.03	0.02 ↓
South Africa	0.19	0.23	0.04	0.02	0.02 ↓
Singapore	0.35	0.41	0.09	0.13	0.04 ↑
EU	2.05	1.99	0.42	0.56	0.14 ↑
U.S.A	0.59	0.55	0.11	0.13	0.02 ↑

BMD Crude Palm Oil Seasonal Price

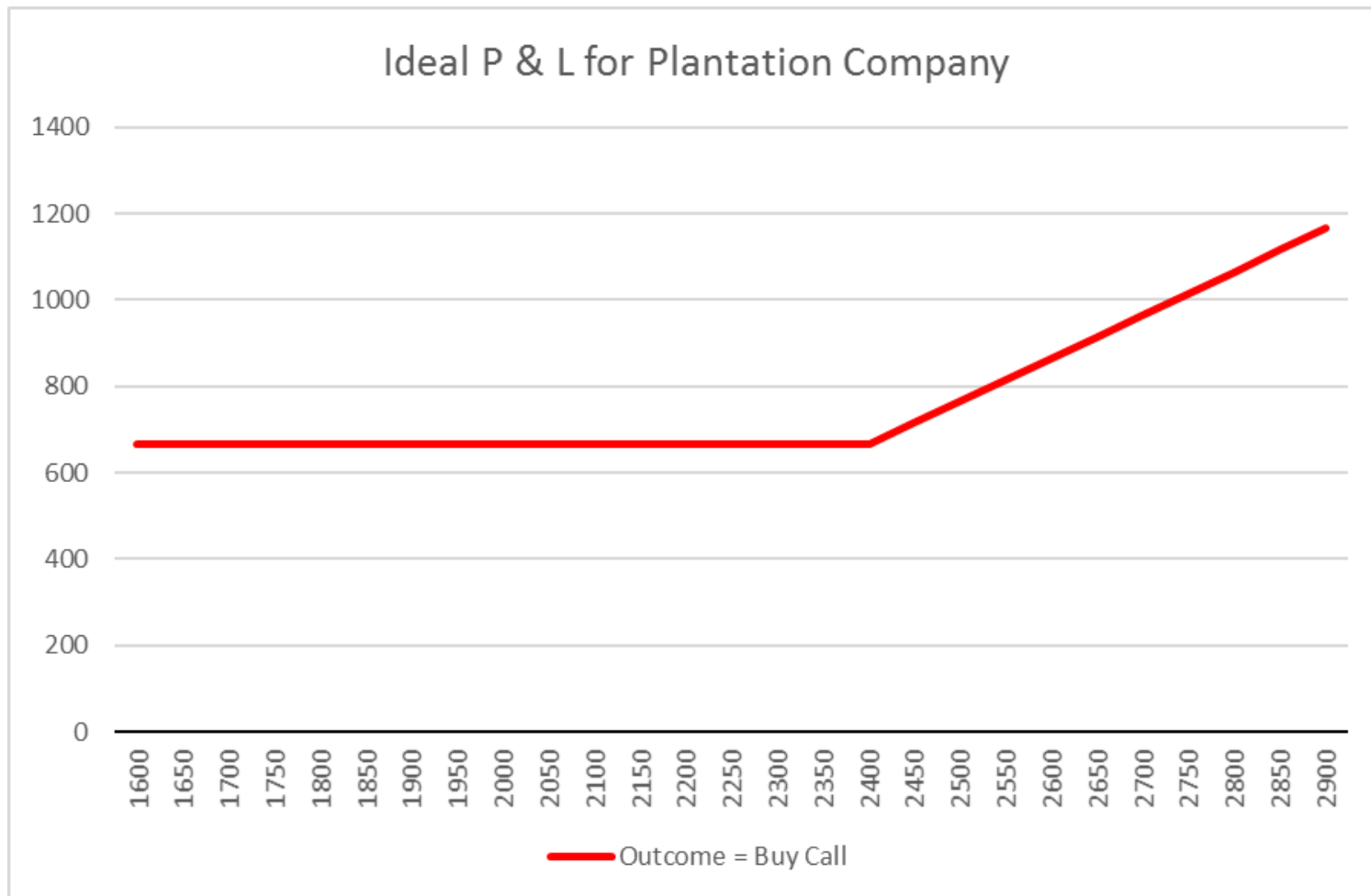


Plantation with CPO production Cost of RM1700



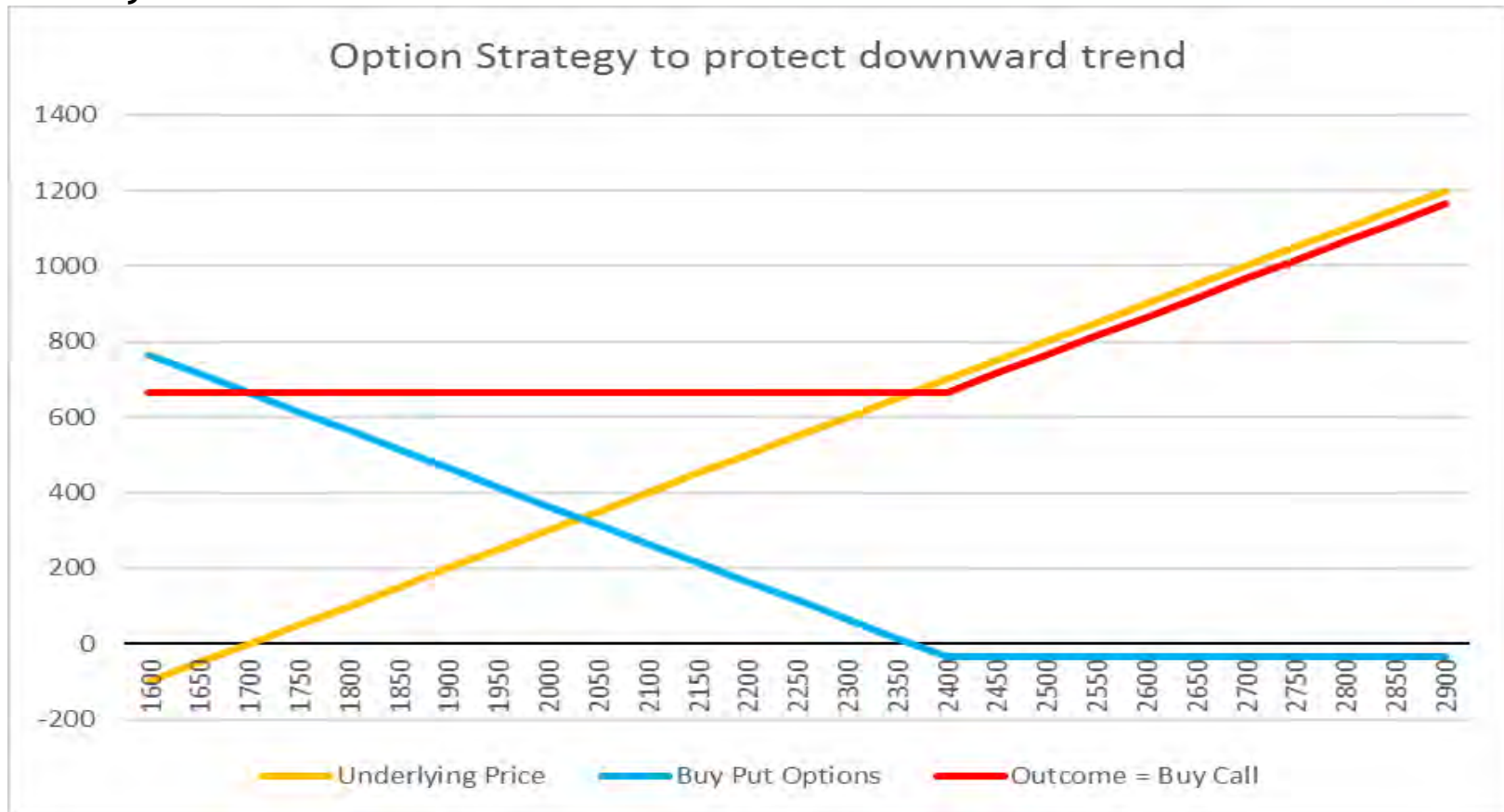
Ideal Scenario for Plantation Company

Friday BMD 3rd Month FCPO = RM2426 / MT



Plantation Strategy to protect against downward price movement

Friday BMD 3rd Month FCPO = RM2426 / MT



Buy 2400 Call N8 Option @ 17.5% volatility = 35

Downside profit = 665

Upside = (Current Price - 1700) - 35

Thank you!



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