

Document:	Opening Remarks for Datuk Muhamad Umar Swift Chairman of Bursa Malaysia Derivatives
Event:	CIOC 2020
Date:	22 December 2020

Distinguished guests,
Members of the media,
Ladies and gentlemen,
A very good morning to all.

1. On behalf of Bursa Malaysia Derivatives, allow me to welcome all delegates to the 15th edition of the China International Oils and Oilseeds Conference, or CIOC.
2. Please accept my apology for not attending in person, due to the current travel restrictions in place.
3. However, as joint-organisers of CIOC, it is truly an honour and privilege that we are still able to continue our collaboration with the Dalian Commodity Exchange.
4. Both exchanges have forged deep ties in cross-promoting the CIOC for the mutual benefit of our markets. Today, it is an internationally recognised platform that presents the latest opportunities and trends in the global oil and oilseeds industry.
5. I want to congratulate Dalian Commodity Exchange on successfully globalising its RBD Palm Olein futures, which will be available to overseas traders from 22 December.
6. The Dalian Commodity Exchange is already the world's largest RBD palm olein futures market. The internationalisation of China's futures markets is significant in further enhancing its ability to serve the global industrial chain.
7. This will open up opportunities for global participants to use BMD's FCPO as well as DCE's RBD Palm Olein to meet their hedging needs as they engage in their respective palm oil activities.

Ladies and Gentlemen,

8. Global markets continue to face uncertainties with the COVID-19 pandemic impacting the global economy. The commodities sector has not been spared, which have seen falling commodity prices as well as disruptions to production and supply chains.
9. For the Malaysian palm oil industry, the pandemic has caused a slowdown in demand and consumption from palm oil importing countries.
10. According to the Malaysian Palm Oil Council, crude palm oil production is expected to drop 1% to 19.7 million tonnes from 19.9 million tonnes in 2019.

11. The 2020 end-of-year closing stock levels are forecasted to be at 1.9 million tonnes compared to 2 million tonnes registered last year.
12. However, despite the challenging year, we are hopeful that exports will increase with improved demand from our traditional markets which includes China, India and the EU.
13. On the BMD front, I am pleased to note that trading volume at BMD continues to thrive.
14. As at November 2020, BMD traded a total of 13.5 million contracts or 337.5 mil MT which is approximately 17 times Malaysia production, and 4.5 times global production.
15. For the same period, BMD also recorded a total trading volume of 13.1 million contracts for FCPO. On a year to date basis, this represented a 35% increase from the same period in 2019 and is the 2nd largest growth among peer exchanges in the region. FCPO continues to be a well-balanced product consisting of a 50:50 balance between institutional traders and other market participants.
16. We are also pleased to be recognized as the “Exchange of the Year - Asia Pacific” by London-based Global Investor Group at the Futures & Options World (FOW) International Awards 2020.
17. Collectively, these historical milestones signify the strong appeal of BMD’s products to market participants as well as the trust and confidence that investors have in participating in our derivative product offerings in managing price and risk exposures.

Ladies and Gentlemen,

18. BMD remains committed to strengthening, developing and broadening our offerings to cater to the growing needs of the industry and provide a reliable hedging instrument against price volatilities.
19. In January this year, we introduced the Options on US Dollar Denominated RBD Palm Olein Futures, or “OPOL”, a first-of-its-kind addition to the palm oil complex, offering users more variety of risk management tools with different risk-reward profiles.
20. And as part of our product strategy moving forward, we will continue to strengthen our palm oil complex suite.
21. Bursa Malaysia Derivatives is also undertaking a revamp of the Crude Palm Kernel Oil Futures contract or “FPKO”. The revamp will be applied across five areas of enhancements which are:
 - i. Contract Grade;
 - ii. Traceability Document Requirements;
 - iii. Delivery Points;
 - iv. Daily Price Limits; and

v. Speculative Position Limits.

20. The revamp of the FPKO contract is necessary for two reasons:
 - i. Firstly, it will meet the market needs of an effective instrument to hedge against the fluctuation in prices of Crude Palm Kernel Oil; and
 - ii. Secondly, it will provide an alternative instrument that can be utilised by market participants to trade.
22. We plan to introduce a new East Malaysian CPO Futures contract. The East Malaysian CPO Futures contract will be almost identical to the FCPO contract except for the delivery points, which will be located in the East Malaysian states of Sabah and Sarawak.
23. This new product aims to provide East Malaysian palm oil companies with an avenue for hedging their position in the physical space.
24. I also want to take this opportunity to mention that we are currently giving incentives for traders trading our palm oil complex contracts. Please do come over to the Bursa Malaysia booth to find out more on our incentives as well as our derivative products on offer.
25. My colleague, Alex Shi Tian would be pleased to engage with you on any opportunities that can help optimise and manage risks.

Ladies and Gentlemen,

27. In closing, allow me to once again congratulate the Dalian Commodity Exchange on the success of CIOC 2020. I am confident that you will take away valuable perspectives that will have a positive impact on the derivatives market.
28. All of us here at Bursa Malaysia Derivatives look forward to having you join us for next year's annual Palm Oil Conference 2021.
29. On that note, please stay safe and I wish you a successful and productive 15th CIOC 2020.
30. Thank you.