

Document:	Welcome Address by Tan Sri Abdul Wahid Omar Chairman of Bursa Malaysia Berhad
Event:	35 th Palm & Lauric Oils Price Outlook Conference & Exhibition (POC2024)
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Venue:	Shangri-La Kuala Lumpur

Bismillahirrahmanirrahim,

The Honourable Datuk Seri Johari Abdul Ghani
Minister of Plantation and Commodities

Dr. Ran Hua
Chairman of Dalian Commodity Exchange

Mr. Russell Beattie
Managing Director & Head of Asia Pacific, CME Group

Datuk Dr. Ahmad Parveez Ghulam Kadir
Director General, Malaysian Palm Oil Board

Dato' Seri Ahmad Shabery Cheek
Chairman, Federal Land Development Authority (FELDA)

Dato' Dr. Fouad Hayel Saeed
Chairman, Pacific Inter-Link

Datuk Mohamad Helmy Othman Basha
Group Managing Director of Sime Darby Plantation

Mr Chandra Naidu Vengadasalam
General Manager of Wilmar International Limited,

Mr. Mohd Saleem Kader Bakas
Director, Bursa Malaysia Derivatives

Valued Partners and Supporters, Distinguished Guests,

Members of the Media,

Ladies and Gentlemen,

Assalamu'alaikum warahmatullahi wabarakatuh and a very good morning.

1. It is my great pleasure to welcome you to Bursa Malaysia's Annual Palm & Lauric Price Outlook Conference & Exhibition 2024, or POC2024. Special welcome to our international delegates, particularly those visiting Malaysia and our vibrant city for the first time. We trust that you will enjoy Malaysia's renowned hospitality throughout your stay.

2. The POC, now in its 35th edition, remains a significant fixture in the global edible oils industry's calendar, bringing together global and local leaders and decision-makers to discuss the latest development and trends. Together, we will explore challenges and emerging opportunities that will influence the edible oils industry. Today, we are truly honoured that our Honourable Minister of Plantation and Commodities, Datuk Seri Johari Abdul Ghani, is here to deliver the Minister's address. Thank you, Datuk Seri.

BRIGHTER OUTLOOK AHEAD AMID ONGOING GLOBAL OPERATING CHALLENGES

Ladies and Gentlemen,

3. The palm oil industry remains a significant contributor to Malaysia's economy, standing as one of its main commodity exports. Although pandemic-driven supply chain disruptions eased in 2023, global commodity markets still contended with strong headwinds, including monetary tightening, elevated geopolitical tensions and unpredictable weather conditions, among others.
4. Notwithstanding the challenging operating environment from domestic and global fronts, Malaysia's agriculture sector's Gross Domestic Product (GDP) growth saw a 1.9 per cent increase in the fourth quarter of 2023, compared to 0.9 per cent in the previous quarter. This growth was largely driven by the oil palm sub-sector, which increased by 1.6 per cent owing to higher production of fresh fruit bunches.
5. The ample supply of fresh fruit bunches drove palm oil prices to normalise to an average of RM3,890.50 per tonne in 2023, following the record high of RM5,087.50 per tonne in 2022. Palm oil exports also saw a 1.1 per cent decrease due to reduced demand, resulting in higher stocks.¹
6. On the Exchange front, Bursa Malaysia Derivatives' Crude Palm Oil Futures (FCPO) contract for the entire 2023 recorded a trading volume of 14.8 million contracts or equivalent to 370 million metric tonnes — almost five times that of global production.
7. Looking ahead, the outlook for Malaysian palm oil industry in 2024 is expected to show positive growth, with anticipated recovery in labour supply, improved palm oil price projections and heightened demand from key export destinations.
8. According to the Malaysian Palm Oil Board (MPOB) January 2024 report, palm oil exports are projected to grow by 3.3 per cent reaching 15.60 million tonnes in 2024 from 15.10 million tonnes in 2023. Similarly, the export value of palm oil and palm-based product is expected to increase by 4.3 per cent to RM110 billion in 2024 from RM105 billion in 2023.²

¹ [Malay Mail, 11 January 2024](#)

² [ibid](#)

9. While the palm oil industry's outlook appears positive, market participants should remain vigilant of possible interlocking challenges. These may come in the form of the increasingly unpredictable weather conditions, potential shifts to global trade and ESG policies, and ongoing geopolitical risks, all of which could significantly impact palm oil trade.
10. In times of market uncertainties, Exchange-traded derivatives remain relevant, providing market participants with essential tools to navigate market volatility. In this context, commodity producers and consumers can rely on Bursa Malaysia Derivatives' products as effective risk-mitigation tools that can safeguard their portfolio values.

BURSA MALAYSIA DERIVATIVES' OFFERINGS: EFFECTIVE HEDGING TOOLS DURING MARKET UNCERTAINTIES

Ladies and Gentlemen,

11. You may have observed a change in Bursa Malaysia's brand look since the last time you attended our POC. Although the brand look has evolved, our core mission and values remain unchanged — to create opportunities and grow value for you. We reaffirmed our commitment to this on 16 January 2024, when we launched our new logo, and discussed our rationale in being a Multi-Asset Exchange — to provide more options and open up new possibilities for our customers and stakeholders.
12. As part of our efforts to further facilitate derivatives trading in the ASEAN region and beyond, we continue to enhance our products and expand our offerings to meet market demands. Last December, we launched our inaugural currency futures contract — the Mini USD CNH Futures Contract or (FCNH) for short — which was established through a licensing agreement with Hong Kong Exchanges and Clearing (HKEX). The FCNH contract, which is a cash-settled offering, provides investors with a capital-efficient way to hedge RMB-denominated assets. Thereby, it complements the existing Malaysian financial institutions' current foreign exchange market, offering our market participants another transparent, regulated, and accessible way to reduce counterparty credit risks and hedge against USD and RMB fluctuations.
13. Additionally, we have signed an agreement with the Dalian Commodity Exchange (DCE), for the licensing of Soybean Oil Futures settlement price for our upcoming new product, the Bursa Malaysia DCE Soybean Oil Futures (FSOY) contract. A significant highlight to the offering of this product is that it represents the first product collaboration between a Chinese derivatives exchange and an Asian exchange based outside of China. Under this agreement, Bursa Malaysia Derivatives is authorised to use the settlement price of DCE Soybean Oil Futures as the basis for calculating the settlement price of the USD-denominated FSOY contract.
14. The FSOY contract, which is set to launch on 18 March 2024, will also be the first non-palm-based edible oil futures contract to be listed on Bursa Malaysia Derivatives. This will enable market participants to seamlessly arbitrage between soybean oil and palm oil prices on the same platform, both of which are common market substitutes.

15. These strategic additions to our product offerings complement each other well. Notably, FCNH serves as a currency hedging tool for FSOY trading, allowing market participants to manage their USD RMB exposure on FSOY final settlement.
16. Building a thriving marketplace is not solely about introducing new products, it is also about nurturing the ecosystem, for the marketplace to fulfil its purpose and flourish. At Bursa Malaysia, we believe in strengthening our market participants' foundation and empowering existing stakeholders. Some of our efforts include education initiatives such as the Futures Training Apprenticeship Programme (FTAP), as well as supporting the palm oil industry's progress on lower carbon pathways by mandating sustainable certifications for all physical delivery of FCPO contracts. By fostering a vibrant marketplace, we create more opportunities for everyone involved, from new participants to established businesses.
17. I am pleased to share that in recognition of our ongoing efforts, we were once again, honoured with "**Exchange of the Year for Commodities**" and "**Exchange of the Year for Sustainability**" at The Asia Capital Markets Awards 2023 by the Futures & Options World Global Investor Group. Receiving these accolades for the second consecutive year is testament of the industry's recognition towards the Exchange's dedication to creating opportunities and growing value in the derivatives market.
18. As we move forward, we will continue to build on existing endeavours, to broaden our offerings to include other edible oil products and more hedging facilities, and fostering a dynamic and efficient trading environment for market participants.

CLOSING

Ladies and Gentlemen,

19. Over the next two days, we will discuss market outlook, price trends, supply and demand dynamics, and sustainability and innovation advancements. These topics are critical for market participants and the industry to arrive at sound decisions and navigate the fluid operating environment.
20. Building on the success of the previous year's POC, I believe POC2024 will be just as enriching and insightful for all attendees. Together, we will gain invaluable perspectives, and build meaningful connections that will not only benefit your business but also contribute to the growth and advancement of the palm oil industry.
21. Before I conclude, I would like to express our gratitude to The Honourable Datuk Seri Johari Abdul Ghani, for taking the time to be with us. Our appreciation also extends to all our sponsors, partners, and participants for their ongoing support. It is this support that has made the POC a 35-year success story, and will continue to do so in the global edible oils industry for many years to come.

Thank you.