

Document:	Welcome Address by Tan Sri Abdul Wahid Omar Chairman of Bursa Malaysia Berhad
Event:	Palm & Lauric Oils Conference & Exhibition (POC2023)
Date:	7 March 2023
Time:	Approx. 10 minutes
Venue:	Grand Ballroom, Shangri-La Hotel Kuala Lumpur

OPENING

The Honourable Dato' Sri Haji Fadillah bin Haji Yusof
Deputy Prime Minister and Minister of Plantation and Commodities,

The Honourable Datuk Zurinah binti Pawanteh
Secretary General of Ministry of Plantation and Commodities,

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

Datuk Muhamad Umar Swift
Chairman of Bursa Malaysia Derivatives and Chief Executive Officer of Bursa Malaysia,

Mr Nelson Low
Executive Director of Agricultural Products at CME Group,

Mr Mohamad Helmy Othman Basha
Group Managing Director of Sime Darby Plantation Berhad,

Mr Chandra Naidu Vengadasalam
General Manager of Wilmar International Limited,

Valued Partners and Supporters,

Members of the Media,

Distinguished Guests,

Ladies and Gentlemen,

Assalamu'alaikum warahmatullahi wabarakatuh and a very good morning to all.

1. It is with great pleasure that I welcome you to the 34th Palm & Lauric Oils Price Outlook Conference & Exhibition, or better known as “P-O-C 2023”. For more than three decades, our P-O-C event has been a significant fixture on the global edible oils industry’s calendar, bringing together thought leaders, policymakers, and stakeholders to discuss the latest developments, trends and challenges facing the industry. It is a highly sought after platform for knowledge-sharing and collaboration, significantly contributing to the industry’s growth and development.
2. After three years of doing it virtually, I am glad that we are back in physical form with a bang! Literally. Thank you Dato’ Zainal Abidin for the outstanding opening performance. Special welcome to our distinguished speakers and delegates who have travelled all the way to Kuala Lumpur.
3. We are especially honoured to have our Deputy Prime Minister and Minister of Plantation and Commodities, The Honourable Dato’ Sri Haji Fadillah bin Haji Yusof to officiate the launch of P-O-C 2023 and deliver the keynote address. Thank you YAB Dato’ Sri.

MALAYSIAN PALM OIL INDUSTRY'S GROWTH REMAINS ROBUST AMID ON-GOING GLOBAL HEADWINDS

Ladies and Gentlemen,

4. The palm oil industry continues to be a significant contributor to Malaysia's economic growth, serving as one of the country's main commodity exports despite facing numerous challenges from both local and global fronts. As recently reported by the Department of Statistics, the oil palm sub-sector **recorded a growth of 9.6 percent** in the fourth quarter of 2022, on a quarter-on-quarter seasonally adjusted.¹
5. For the first time in its history, Crude Palm Oil or "CPO" prices **breached 8,000 Ringgit** per metric tonne in March 2022, before retreating to **3,400 Ringgit** level in September. Similarly, our Bursa Malaysia Derivatives' global benchmark CPO Futures contract or "F-C-P-O" achieved a **record-breaking trading volume of 16.2 million contracts**, equivalent to 405 million metric tonnes, surpassing its performance in 2021 of 390 million metric tonnes. This is **more than five times the global production**.
6. Looking ahead, **the Malaysian palm oil industry is expected to maintain its robust standing and demonstrate strong growth** despite the on-going global economic uncertainty and recession fears in 2023. CPO production is expected to increase by three percent to 19 million tonnes in 2023, up from 18.45 million tonnes recorded in 2022. This growth can be attributed to the expansion of mature planted areas, particularly in Sarawak as well as Peninsular Malaysia, given favourable weather conditions and improved labour conditions.

¹ [Malaysia Economic Performance Fourth Quarter 2022](#)

7. In tandem with this projection, the Malaysian Palm Oil Board anticipates that exports of Malaysian palm oil to increase by 3.7 percent to 16.30 million tonnes in 2023, up from 15.72 million tonnes in 2022, owing primarily to continued demand from importing countries.²

BURSA MALAYSIA DERIVATIVES' PRODUCTS AS RELIABLE HEDGING INSTRUMENTS AGAINST PRICE VOLATILITY AND COMMITMENT TO SUSTAINABILITY

Ladies and Gentlemen,

8. Given the likelihood that global macroeconomic headwinds will persist in 2023, market participants must be prepared to capitalise on heightened price volatility brought about by the challenging operating environment and markets. And in times of market volatility, both producers and consumers of commodities may find exchange-traded derivatives to be effective risk-mitigation tools that can also preserve their portfolio values.
9. As the global hub for palm oil price discovery, Bursa Malaysia Derivatives remains steadfast in developing a sustainable marketplace by improving our ecosystem and enhancing our products as a reliable hedging instruments against price volatility. For example, we recently launched the **Alternative Delivery Procedure, or "A-D-P"**, in September 2022 for our main contracts, namely F-C-P-O, East Malaysia Crude Palm Oil Futures ("F-E-P-O"), and Crude Palm Kernel Oil Futures ("F-P-K-O"). The A-D-P facility enables sellers and buyers to make and take delivery of contracts on terms other than those specified by the Exchange, or to re-negotiate delivery terms that are more compatible with their physical business operations.

² [MPOB: Palm oil export revenue to fall 24% to RM102.5b this year despite higher volume](#)

10. The Exchange also introduced an **Inter-commodity Spread functionality between FCPO and FEPO**, which enables spread trade execution between the two products at a “click of a button”, for the convenience of the trading community. This Inter-commodity Spread functionality eliminates the risk of slippage from executing separate individual legs and reduces monitoring time by allowing the trading platform to capture the desired spread. Moreover, with Inter-commodity Spreads, traders can now easily trade their viewpoints on Malaysia’s various market dynamics between Peninsular Malaysia and East Malaysia.

11. In addition to enhancing our product offerings, Bursa Malaysia Derivatives plays a significant role in **promoting sustainability and responsible practices among palm oil players and the larger derivatives ecosystem**. We are especially encouraged by the **Malaysian Palm Oil Certification Council’s revision of the Malaysian Sustainable Palm Oil (“MSPO”) certification in March 2022**,³ which reinforced the industry’s commitment to ESG practices throughout the supply chain. In support of this commitment, the Exchange endeavours to ensure that all FCPO and FEPO deliveries today must come from MSPO-certified sources.

Ladies and Gentlemen,

12. As a result of all these efforts, we are pleased that Bursa Malaysia Derivatives was named **“Exchange of the Year for Commodities”** and **“Exchange of the Year for Sustainability”** at the **Futures & Options World Asia Capital Markets Awards 2022**.

13. These honours exemplify the Bursa Malaysia Derivatives’ unwavering commitment to continuously enhance our products and services to meet the trading and hedging needs of traders and industry participants, particularly in

³ [Principle 3 of the Revised MSPO Standards MS2530:2022 - Compliance with Legal and Other Requirements](#)

today's volatile market conditions. And of course, we would not have been able to do this without your support. As we move forward, Bursa Malaysia Derivatives will continue to pursue opportunities that will provide more options to investors and traders on the Exchange, reflecting on our mission to "Create Opportunities and Grow Value".

CLOSING

Ladies and Gentlemen,

14. Over the next two days, we will learn about the latest research, innovations and technologies that are shaping the future of the palm and lauric oil industries. We will hear from a wide range of distinguished speakers and renowned experts, who will share their insights and knowledge on how the industry can adapt to the many challenges we face and successfully navigate the years ahead. I have no doubt that P-O-C 2023 will be an enriching experience for all delegates, providing everyone with unparalleled insights and invaluable networking opportunities that will benefit your business and the palm oil industry.

15. In closing, I would like to record our sincere appreciation to The Honourable Deputy Prime Minister Dato' Sri Haji Fadillah bin Haji Yusoff, and The Honourable Secretary General Datuk Zurinah binti Pawanteh for their presence. Our sincere thanks and appreciation also go out to all our sponsors, partners, and participants for their on-going support, without which this P-O-C 2023 would not have been possible. I wish you all a productive and impactful conference ahead.

Thank you. Wabillahi taufiq wassalamualaikum warahmatullahi wabarakatuh.