

Managing Price Volatility for Palm Oil

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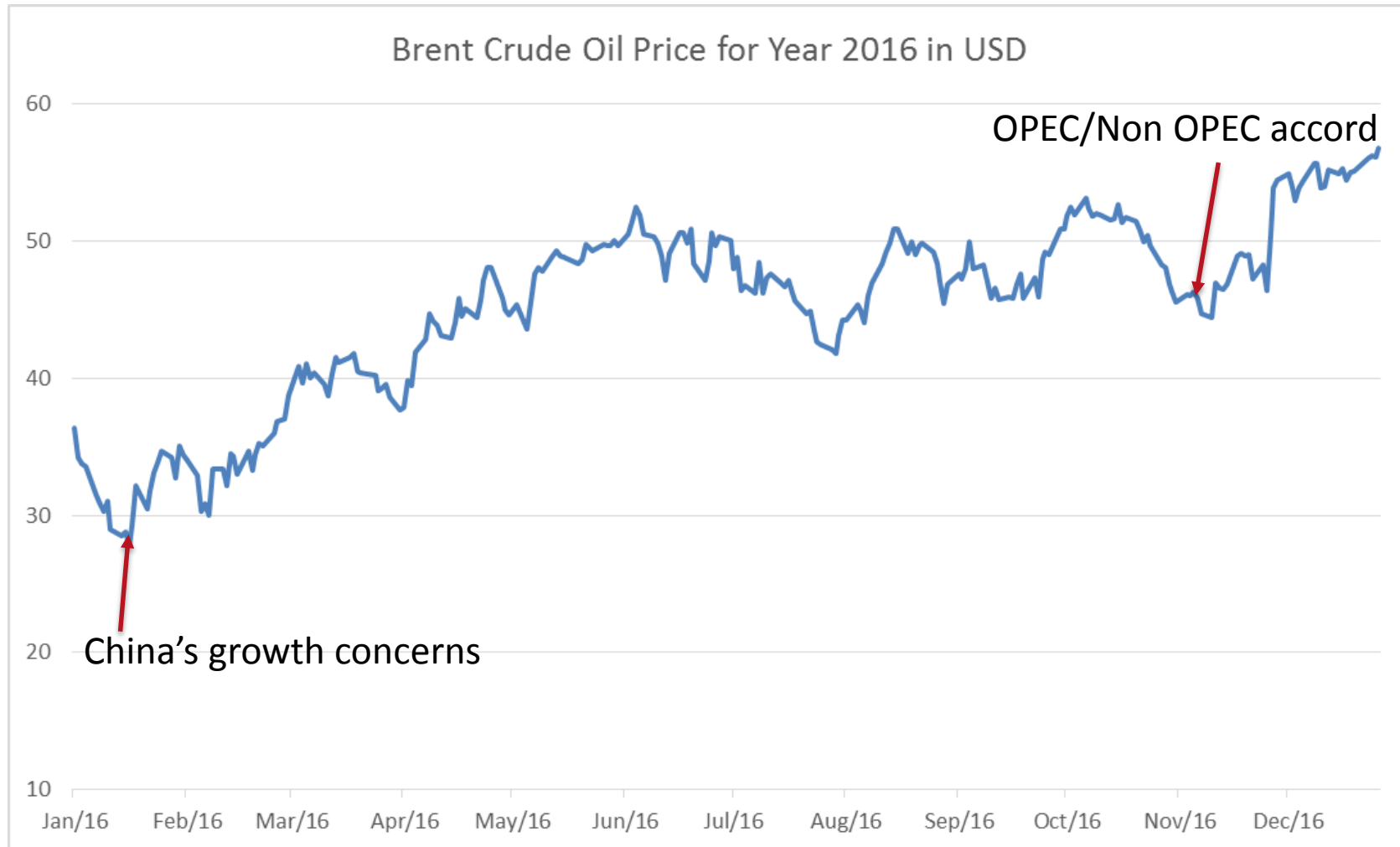


17th January 2017

Pullman KL City Centre Hotel

- Began with turmoil, China's growth engine concerns
- Oil prices 13 year intra-day low of US\$27.10 Brent in January 2016
- Half way through, UK Brexit
- Full playout of EL Nino - CPO production reduced
- Towards end, US Presidential elections

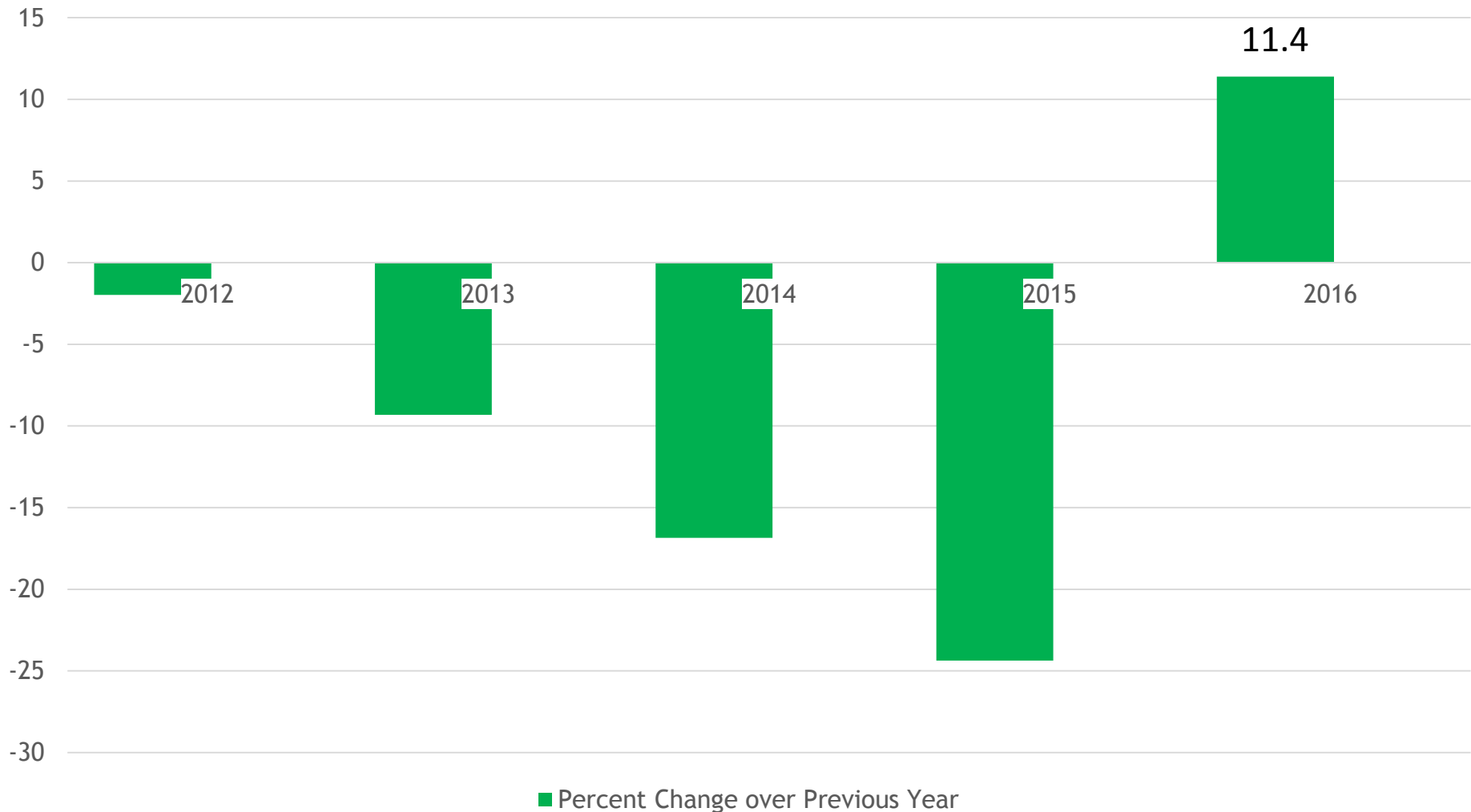
Brent Crude Price

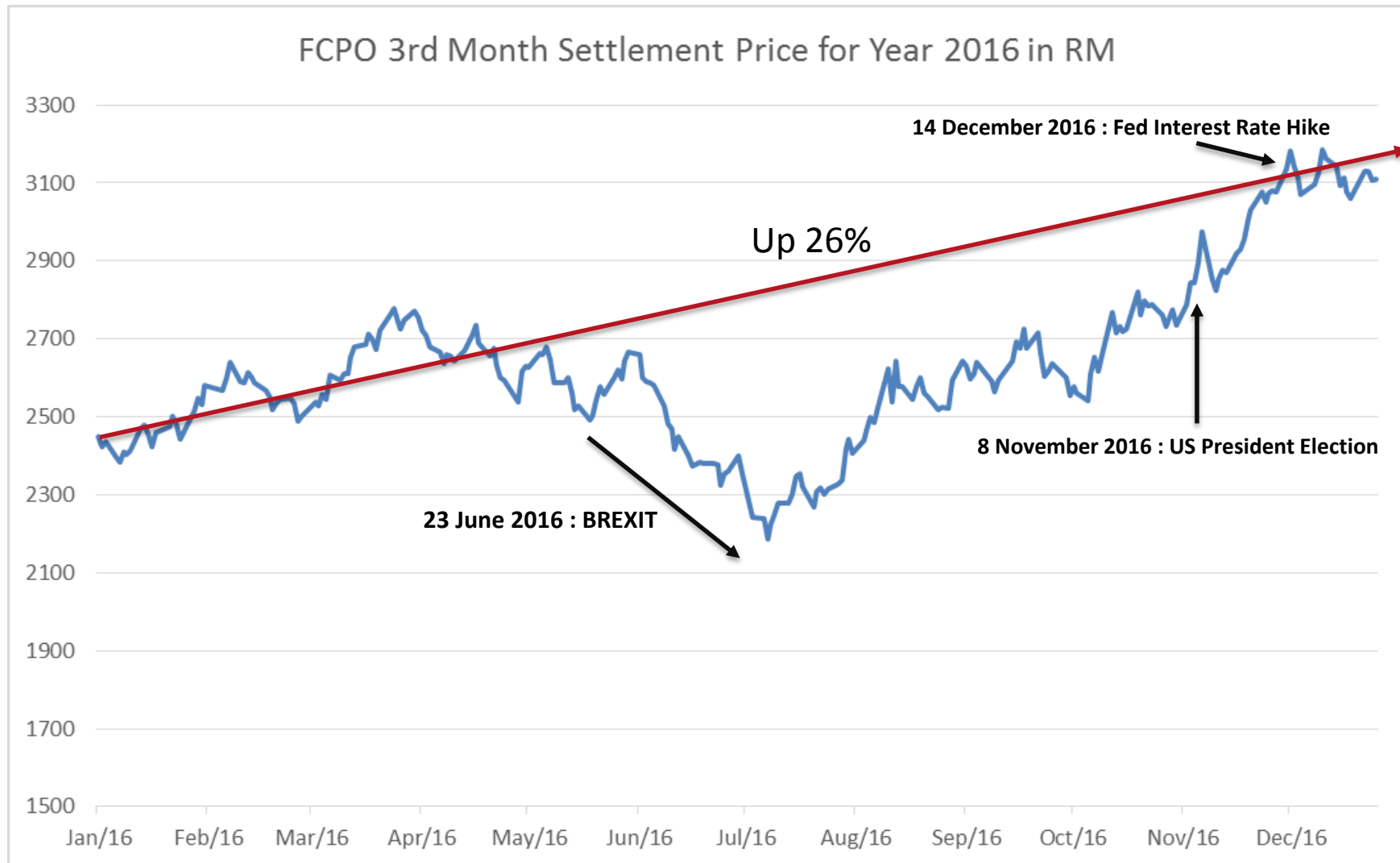


Source: Bloomberg

First Increase in Commodity Prices in 5 years

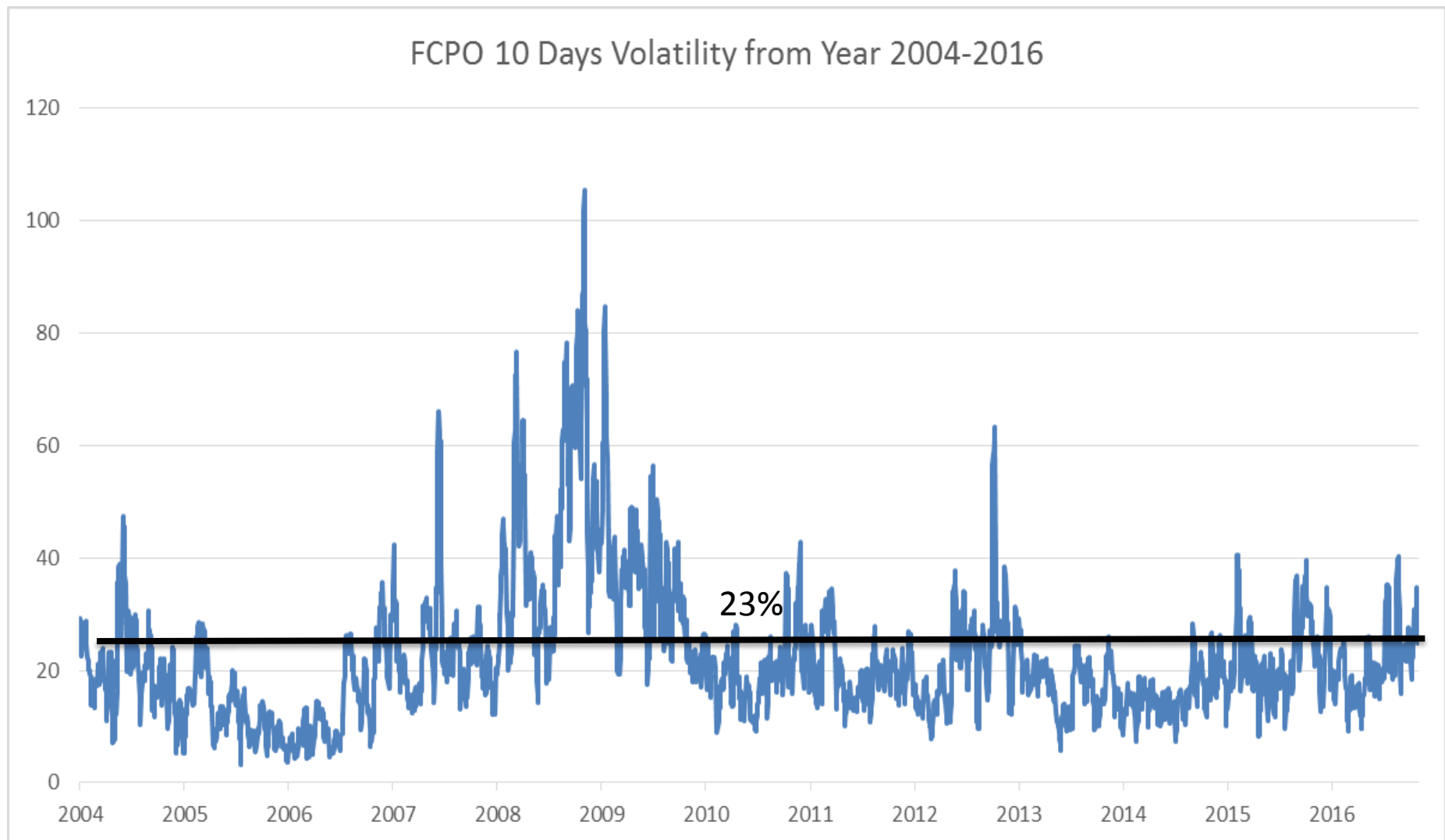
Bloomberg Commodity Index

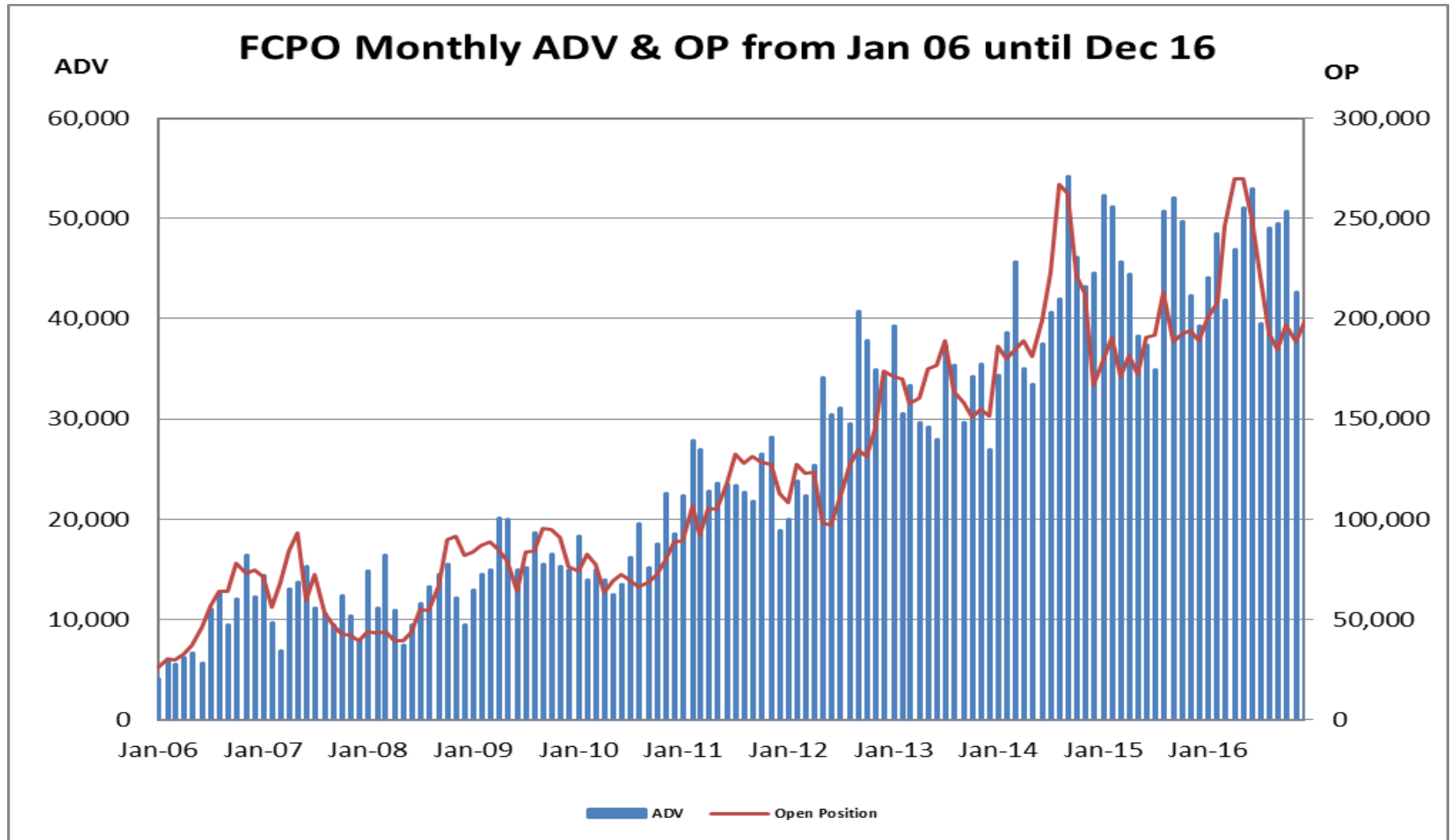




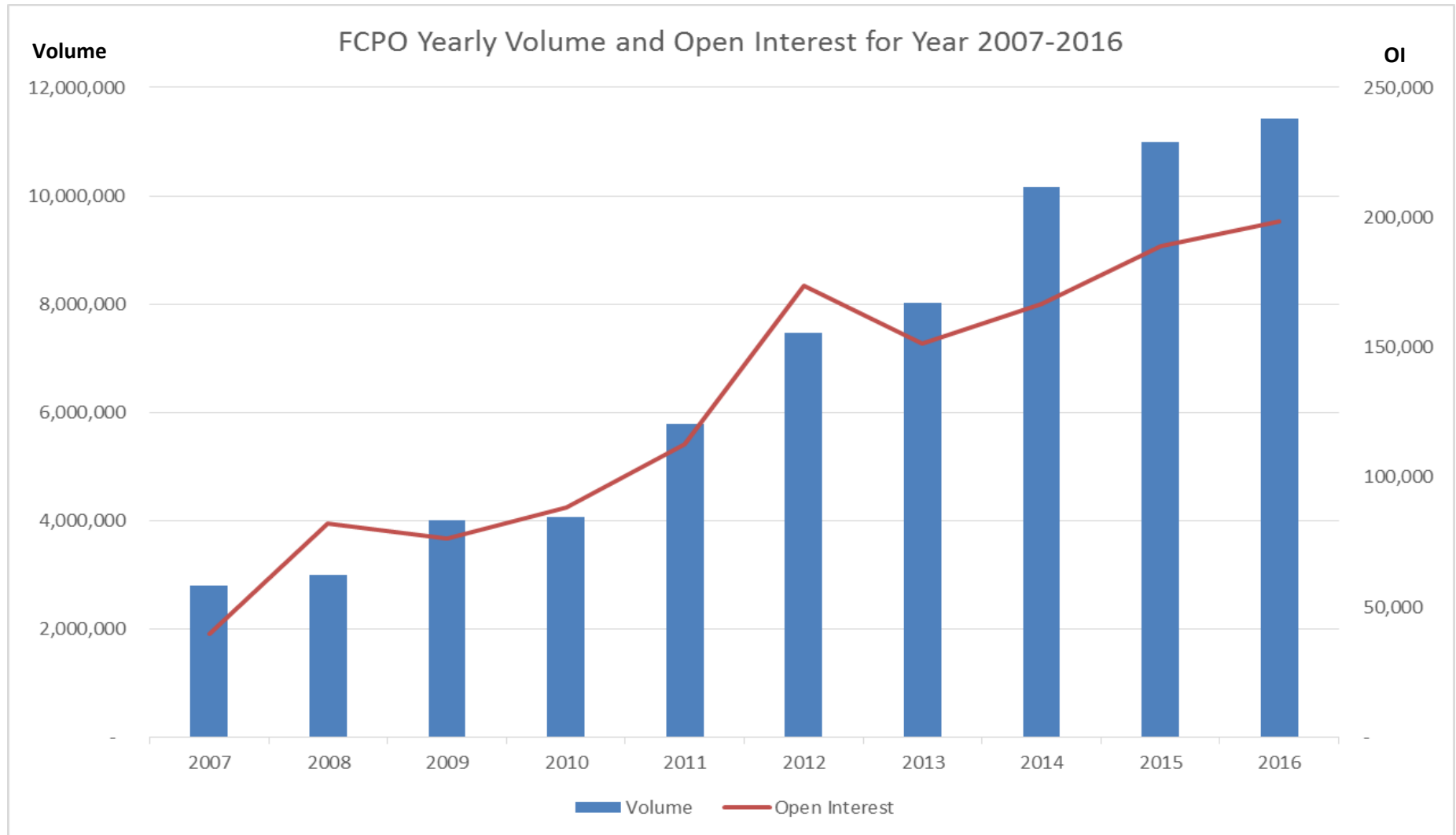
- Brexit details, President Trump's policies, US rate hikes
- Populism rising - elections in Germany, France and Netherlands
- OPEC meeting in May - sustained production cut
- Ringgit recovery, Production of CPO
- GE14?

FCPO 10 Days Volatility Year 2004 -2016





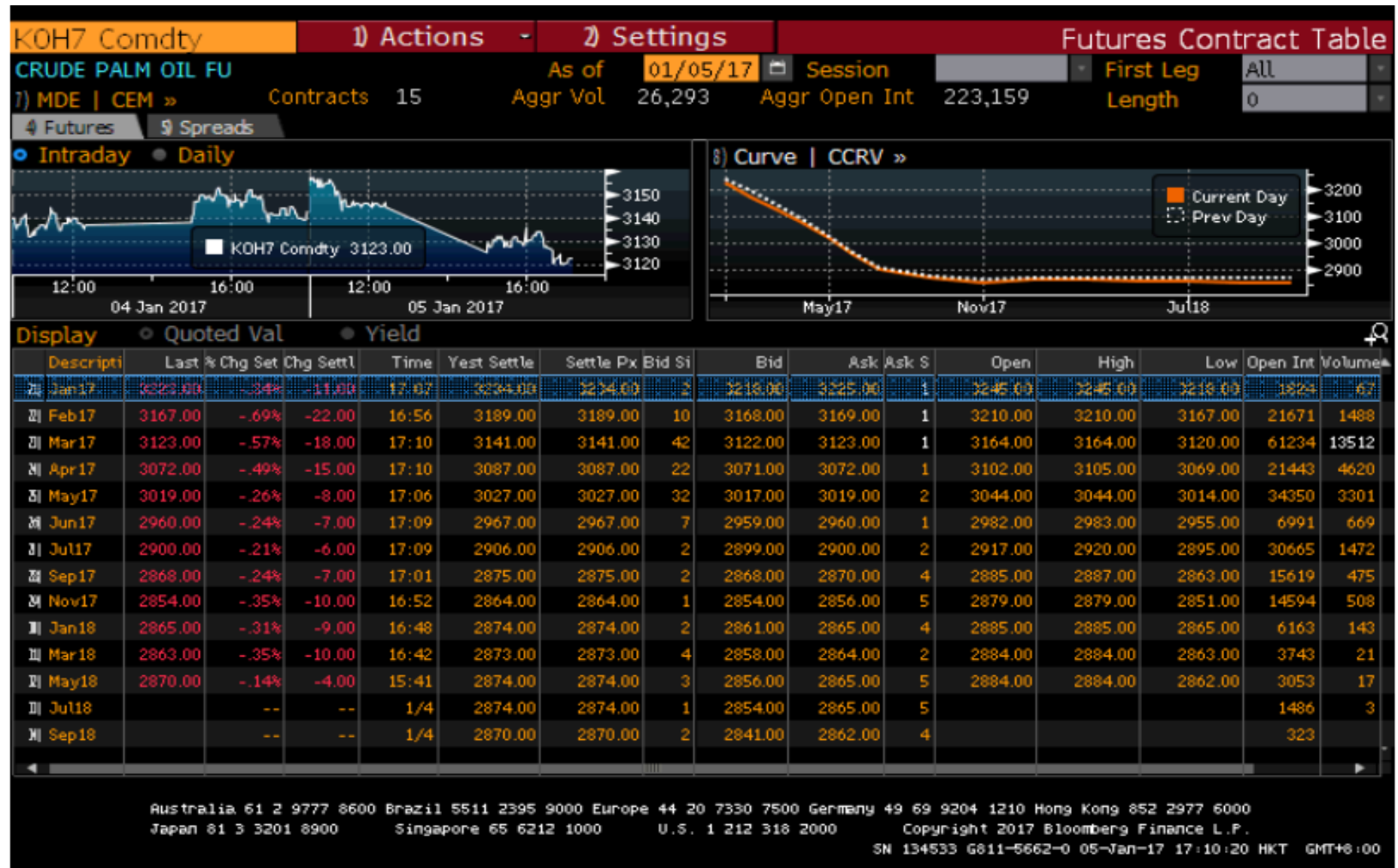
Another Record Year for Bursa CPO Volume



Total MT traded in 2016 : 285 million MT

Total Value traded in 2016 : RM 750 billion

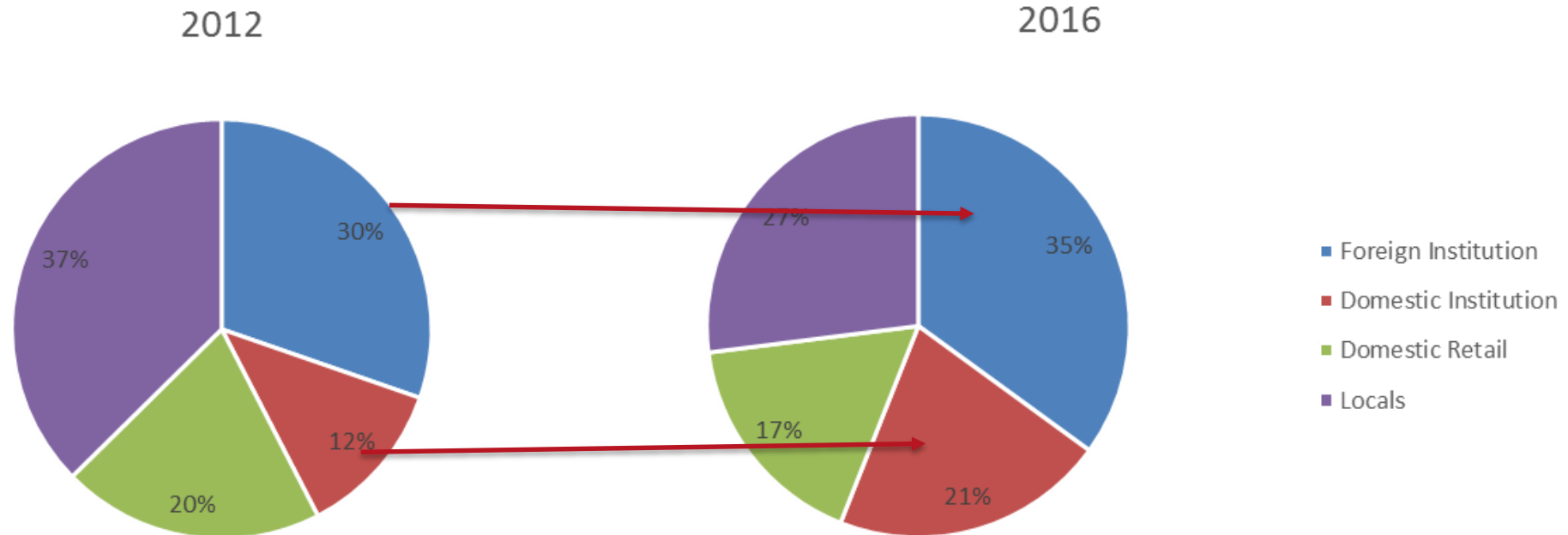
FCPO Screen Shot



Total Tender By Location (MT)

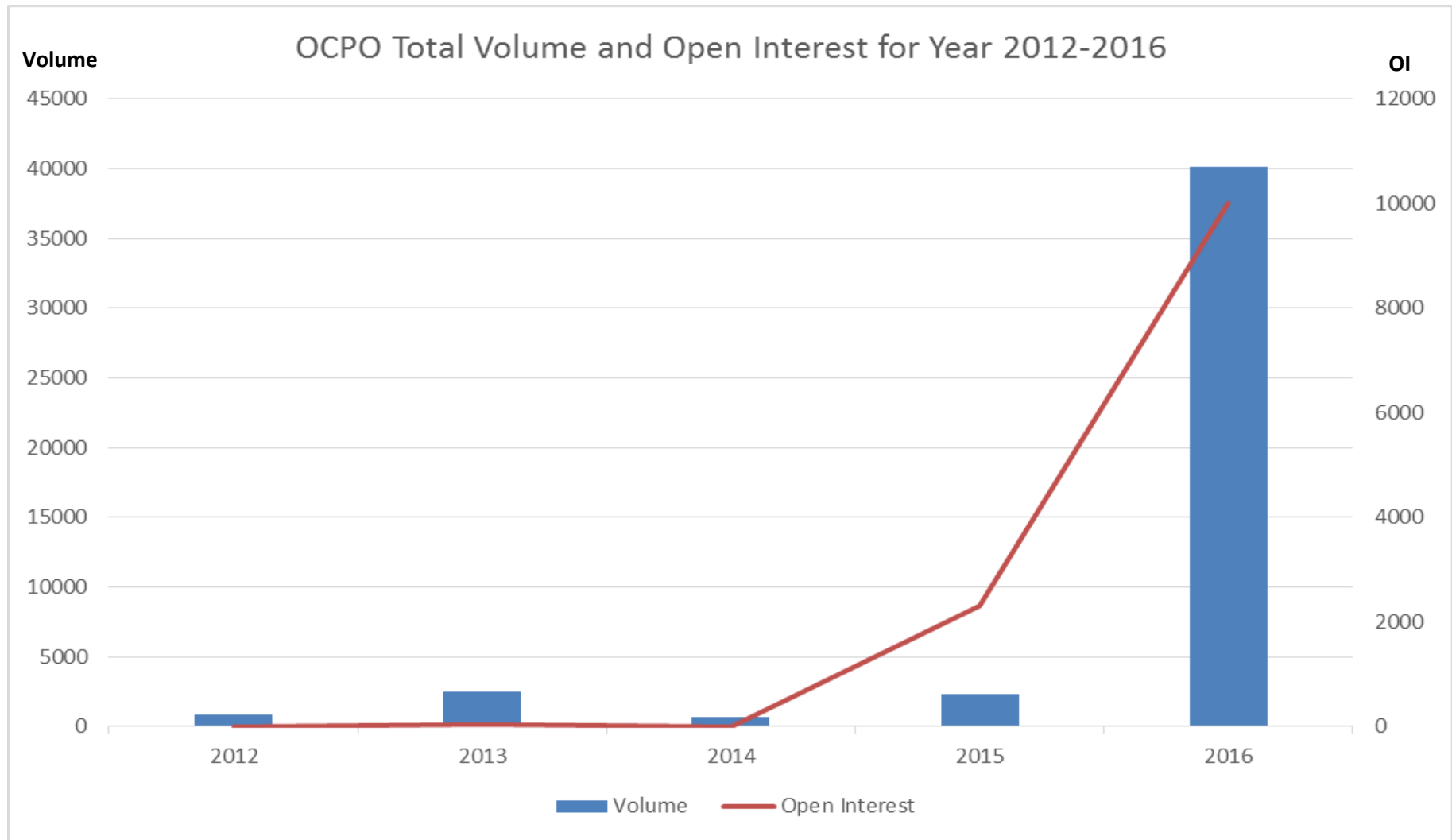
Year	Butterworth	Port Klang	Pasir Gudang	Total
2009	21,050	116,675	36,500	174,225
2010	35,700	137,825	103,825	277,350
2011	29,850	154,675	123,150	307,675
2012	142,500	329,650	198,125	670,275
2013	191,025	278,600	82,175	551,800
2014	93,150	207,625	19,250	320,025
2015	69,600	293,675	75,075	438,350
2016	188,000	353,650	112,775	654,425

Market Demography Year 2012 -2016



More institutionalized and commercial users, less speculation

Bursa CPO Options Contract Volume/Open Interest



CPO Options Contract



	Volume	Date	Open Interest	Date
1	2,000	31/05/16	12,900	08/09/16
2	1,800	08/09/16	11,300	04/08/16
3	1,500	28/04/16	11,300	05/08/16
4	1,500	18/03/16	11,300	08/08/16
5	1,500	04/08/16	11,300	09/08/16
6	1,400	10/02/16	11,100	08/12/16
7	1,200	20/04/16	11,100	06/09/16
8	1,100	16/08/16	11,100	07/09/16
9	1,000	08/12/16	10,880	09/09/16
10	1,000	18/08/16	10,840	02/06/16

- Needs to open account with broker
- Deposit margins with broker
- Margins are RM6,000 per lot or 7/8% of underlying value
- Marked to market daily based on settlement price
- Bursa Clearing Price is the central counterparty to all trades cleared with the Exchange
- Physical delivery

Step 1

New applicants for individual or corporate futures trading accounts are required to review and complete the Futures Trading Account Application Form, Risk Disclosure Statement and any other required documentation by your Futures Broker.

Step 2

Applicants are required to submit the documents to the selected Futures Broker for review, process and approval.

Step 3

Applicants are notified of status of approval*. For successful applicants, they will be informed of their new trading account number and funding instructions.

Step 4

Deposit the required margins using any of the 9 approved currencies.

Step 5

START TRADING!

1. Cash

- local & foreign currencies
- Money is deposited in Clearing House bank account
- Haircut is imposed on value
- Daily mark to market



MYR



USD



GBP



EUR



AUD



RMB



HKD



SGD



JPY

2. Standby Letter of Credit

- Standby Letter of Credit issued by banks incorporated in Malaysia
- Applicants can be Clearing Participants or their clients
- General or specific cover
- MYR or USD or RMB denominated
- Haircut is imposed on value



BURSA MALAYSIA DERIVATIVES CLEARING BERHAD

Date : 14 July 2016

Clearing Circular: 17/2016

Haircut Rates for Approved Foreign Currencies (FC) & Standby Letters of Credit (SBLCs) as Collateral

Please be informed that with effect from **15 July 2016**, the haircut rates for Approved Foreign Currencies and Standby Letters of Credits as Collateral (where applicable) for RM and USD margin requirement will be as follows:

No	Currencies	Haircut Rate	
		RM Margin Requirement	USD Margin Requirement
1	Australian Dollar	2.50%	4.50%
2	Euro	3.50%	3.00%
3	Hong Kong Dollar	3.00%	1.00%
4	Japanese Yen	3.50%	3.50%
5	Malaysian Ringgit	0.00%	2.00%
6	Pound Sterling	3.00%	3.50%
7	Renminbi	4.00%	2.00%
8	Singapore Dollar	3.00%	3.00%
9	United States Dollar	4.00%	0.00%

3. Shares

- Selected shares which are listed on Bursa Malaysia Securities
- Haircut is imposed on the value
- Daily mark to market
- FBMKLCI component

Equities

Trading Hours
1st Session : 0900 - 1230, 2nd Session : 1430 - 1700

Prices displayed on this website are delayed by 15 minutes. To access real-time data, please contact your [stockbroker](#), our [Information Services Vendors](#) or subscribe to [BursaStation](#).



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Prices

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Sector:

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No	Code	Name	Rem	Last Done	Ref	Chg	% Chg	Vol (*00)	Buy Vol (*00)	Buy	Sell	Sell Vol (*00)	High	Low
1	0128	▲ FRONTKN [S]	s	0.335	0.32	+0.015	+4.69	1,119,836	108,563	0.330	0.335	52,960	0.340	0.320
2	0170	▼ KANGER [S]	-	0.195	0.2	-0.005	-2.50	513,948	253,295	0.190	0.195	402	0.210	0.190
3	5238OR	▼ AAX-OR	s	0.040	0.05	-0.010	-20.00	443,710	419,996	0.040	0.045	233,823	0.050	0.040
4	5229WA	▼ CAP-WA	s	0.060	0.07	-0.010	-14.29	441,566	62,074	0.060	0.065	55,272	0.070	0.060
5	5229	▶ CAP	s	0.500	0.5	-	-	305,344	11,124	0.495	0.500	3,368	0.525	0.495
6	0096	▲ NEXGRAM [S]	-	0.125	0.12	+0.005	+4.17	198,031	204,121	0.120	0.125	87,589	0.130	0.125
7	5005WA	▶ UNISEM-WA [S]	s	0.330	0.33	-	-	194,583	1,949	0.325	0.330	2,566	0.345	0.320
8	7096	▶ GPA [S]	s	0.130	0.13	-	-	192,226	63,880	0.125	0.130	21,099	0.135	0.125
9	0135	▲ SCN [S]	-	0.040	0.035	+0.005	+14.29	178,769	129	0.040	0.045	63,765	0.045	0.030
10	5238	▼ AAX	s	0.255	0.265	-0.010	-3.77	160,917	9,527	0.255	0.260	30,009	0.260	0.250
11	0026	▲ NOVAMSC [S]	-	0.210	0.205	+0.005	+2.44	129,021	43,237	0.210	0.215	41,062	0.215	0.205
12	8311	▲ PESONA	s	0.665	0.64	+0.025	+3.91	124,980	2,700	0.660	0.665	2,291	0.675	0.645
13	5194	▲ APFT [S]	s	0.180	0.175	+0.005	+2.86	114,808	21,101	0.175	0.180	44,152	0.185	0.175

- V = Volatility. Nature and speed of change
- U = Uncertainty. The lack of predictability, the prospects for surprise, and the sense of awareness and understanding of issues
- C = Complexity. The multiplex of forces, the confounding of issues, no cause-and-effect chain and confusion that surround
- A = Ambiguity. The haziness of reality, the potential for misreads, and the mixed meanings of conditions; cause-and-effect confusion

Thank You

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