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BURSA  
MALAYSIA 



# POC 2024

Palm & Lauric Oils  
Price Outlook Conference & Exhibition

4-6 March 2024

**Arbitrage Opportunities with  
Soybean Oil Futures**





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# ARBITRAGE OPPORTUNITIES USING FSOY @ BURSA

- **WHAT IS FSOY ON BURSA?**
- WHY IS FSOY USEFUL?
- WHY TRADE IT?
- WHEN TO TRADE IT? PRICE SPREADS!
- RISK CREATES OPPORTUNITIES
- DCE POL vs SBO
- DCE SBO vs BMD CPO
- SEASONALITY
- BOARD CRUSH, OILSHARE
- BIOENERGY SPREADS
- Q&A



# BMD, DCE sign licensing agreement for futures pricing



## MARKETS

Friday, 03 Nov 2023

## Related News



**MARKETS** 7h ago  
Subdued trading forecast for the market this week

**BUSINESS** 20h ago  
SC broadens sophisticated investor categories for greater...



The collaboration between BMD and DCE marks an historic milestone in the development of the Asian derivatives market.

- BURSA MALAYSIA DERIVATIVES BHD AND DALIAN COMMODITY EXCHANGE HAVE SIGNED A LICENSING AGREEMENT FOR THE SETTLEMENT PRICE OF SOYBEAN OIL FUTURES
- DCE'S FIRST AND FIRST FOR CHINESE EXCHANGE WITH A PEER ASIAN EXCHANGE
- AGREEMENT - DCE AUTHORIZED BMD TO USE THE SETTLEMENT PRICE OF DCE SOYBEAN OIL FUTURES AS THE BASIS TO CALCULATE THE CASH SETTLEMENT OF FSOY
- THEREFORE, FSOY SHOULD MIRROR THAT OF THE DCE SOYBEAN OIL FUTURES
- LAUNCH DATE: 18 MARCH 2024



## Why Trade FCPO?

### 1. Global Access

FCPO is traded electronically on CME GLOBEX®, a global electronic trading platform. Accessing CME Globex® is easy and allows individual and professional traders anywhere around the world to access all Bursa Malaysia Derivatives products.

### 2. Risk Management

Plantation companies, refineries, exporters and millers can use FCPO to manage risk and hedge against the risk of unfavorable price movement in the physical market.

### 3. Leveraged Trading

Gain leveraged exposure to the notional value of the underlying asset with a relatively small amount of capital (Initial Margin), magnifying the effect of a given change in price.

### 4. Immediate Market Exposure

Global fund managers, commodity trading advisers, and proprietary traders can gain immediate exposure to the active Crude Palm Oil market via FCPO.

### 5. Take Advantage of Both Bull and Bear Markets

FCPO provides retail investors with a structured product to access the Crude Palm Oil market. Buy low and sell high for a bullish outlook on the movement of Crude Palm Oil prices, and vice versa for a bearish outlook.

### 6. Sustainable Physical Delivery Process

All physical delivery of Crude Palm Oil (CPO) under the FCPO contract must be sourced from Palm Oil Mills that fulfil Oil Palm Management Certification (OPMC) under the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme requirements.



## Proposed Contract Specifications

CONTRACT	BURSA MALAYSIA DCE SOYBEAN OIL FUTURES CONTRACT
CONTRACT CODE	FSOY
UNDERLYING INSTRUMENT	Crude Soybean Oil (Quality Standard as per the Soybean Oil Futures Contract of Dalian Commodity Exchange ("DCE") ("DCE Soybean Oil Futures Contract"))
CONTRACT UNIT	25 metric tons (25,000 kilogrammes)
MINIMUM PRICE FLUCTUATION	USD 0.25 per metric ton
PRICE LIMITS	<ol style="list-style-type: none"> <li>With the exception of trades in the spot month, trades of the Contract in any of the contract months must not be made, during any Business Day, at prices varying more than a prescribed percentage above or below the settlement prices of the preceding Business Day ("Price Limits"), as determined by the Exchange.</li> <li>For the purpose of paragraph (1) above, the price limits (in percentages) of the DCE Soybean Oil Futures Contract will be used to calculate the Price Limits unless the Exchange determines otherwise due to market conditions.</li> </ol>
CONTRACT MONTHS	January, March, May, July, August, September, November, December
TRADING HOURS	<p>Morning trading session: 0900 hours to 1230 hours (Malaysia time);</p> <p>Afternoon trading session: 1330 hours to 1800 hours (Malaysia time); and</p> <p>After-hours (T+1) trading session: 2100 hours to 2330 hours (Malaysia time, Monday to Thursday only).</p>
FINAL TRADING DAY	<ol style="list-style-type: none"> <li>DCE's 10<sup>th</sup> trading day of the delivery month.</li> <li>If DCE's 10<sup>th</sup> trading day falls on a day which is not a Business Day, the Final Trading Day will be on the Business Day immediately preceding DCE's 10<sup>th</sup> trading day.</li> <li>Trading in the spot month ceases at 1500 hours (Malaysia time) on the Final Trading Day.</li> </ol>
SETTLEMENT METHOD	Cash settlement based on the final settlement value.
FINAL SETTLEMENT VALUE AND CONTRACT SETTLEMENT	<ol style="list-style-type: none"> <li>The final settlement value will be calculated using the DCE Soybean Oil Futures Contract's one-off delivery settlement price on DCE's 10<sup>th</sup> trading day of the delivery month, adjusted for conversion from Renminbi ("CNY") into USD rounded to the nearest USD 0.25.</li> <li>The calculation of the final settlement value will be based on the CNY Central Parity Rate for USD/CNY as at 0915 hours (Malaysia time) published on DCE's 10<sup>th</sup> trading day of the delivery month by the People's Bank of China as per the link below: <a href="http://www.chinamoney.com.cn/english/bmkcpr/">http://www.chinamoney.com.cn/english/bmkcpr/</a></li> <li>The Contract will be settled on DCE's 10<sup>th</sup> trading day of the delivery month.</li> <li>If DCE's 10<sup>th</sup> trading day of the delivery month falls on a day which is a non-Business Day, the Contract will be settled on the Business Day immediately after DCE's 10<sup>th</sup> trading day of the delivery month.</li> </ol>



## Contract Specifications

Contract Code	FCPO
Underlying Instrument	Crude Palm Oil
Contract Size	25 Metric Tons (MT)
Contract Months	Spot month and the next 11 succeeding months, and thereafter, alternate months up to 36 months ahead
Trading Hours	<p>Monday to Friday (Malaysia time)</p> <ul style="list-style-type: none"> <li>Morning trading session: 10.30 a.m. to 12.30 p.m.</li> <li>Afternoon trading Session: 2.30 p.m. to 6.00 p.m</li> </ul> <p>Monday to Thursday (Malaysia time)</p> <ul style="list-style-type: none"> <li>After-hours (T+1) trading session: 9.00 p.m. to 11.30 p.m</li> </ul>
Pricing Unit	Malaysian Ringgit (MYR)
Price Limits	<p>1. With the exception of trades in the current delivery month, trades for future delivery of Crude Palm Oil in any month, must not be made, during any 1 Business Day, at prices varying more than 10% above or below the settlement prices of the preceding Business Day ("the 10% Limit") except as provided below:</p> <p>(a) When the 10% Limit is triggered (except for the current month), the Exchange will announce a 10-minute cooling off period ("the Cooling Off Period") for Contracts of all contract months (except the current delivery month) during which trading may only take place within the 10% Limit.</p> <p>(b) Following the Cooling Off Period, Contracts of all contract months will be specified as reserved for a period of 5 minutes, after which the price limit will be expanded to 15%. The prices traded for Contracts of all contract months (except the current month) must then not vary more than 15% above or below the settlement prices of the preceding Business Day ("the 15% Limit").</p> <p>(c) If the 10% Limit is triggered less than 30 minutes before the end of the morning trading session, the 10% Limit will apply to Contracts of all contract months for the rest of the morning trading session and the 15% Limit will apply to Contracts of all contract months during the afternoon trading session.</p> <p>(d) If the 10% Limit is triggered less than 30 minutes before the end of afternoon trading session, the 10% Limit will apply to Contracts of all contract months for the rest of the afternoon session.</p> <p>(e) If the 10% Limit is triggered less than 30 minutes before the end of the after-hours (T+1) trading session, the 10% Limit will apply to Contracts of all contract months (except the current month) for the rest of the after-hours (T+1) trading session and the 15% Limit will apply to Contracts of all contract months (except the current month) for the following morning and afternoon trading sessions.</p> <p>2. For the purposes of paragraph 1(a), the 10% Limit will be considered triggered in the manner the Exchange may prescribe</p> <p>* When at least 3 non-spot month contracts are trading at the 10% Limit, the Exchange shall announce a 10-minute cooling off periods</p>



## Key Difference: FSOY vs DCE Soybean Oil Futures

Contract	Bursa Malaysia DCE Soybean Oil Futures Contract	DCE Soybean Oil Futures
Contract Code	FSOY	Y
Underlying Instrument	Crude Soybean Oil	Crude Soybean Oil
Contract Unit	25 MT	10MT
Minimum Price Fluctuation	USD0.25/MT	CNY2/MT
Price Limits	Follow DCE's price limit in percentage	6% as of today. <a href="http://www.dce.com.cn/DCEENMO/Trading_&amp;_Clearing/siness_Parameters15/Trading/Daily_Parameters82/index.html">http://www.dce.com.cn/DCEENMO/Trading_&amp;_Clearing/siness_Parameters15/Trading/Daily_Parameters82/index.html</a>
Contract Months	January, March, May, July, August, September, November, December	same
Trading Hours	Morning trading session: 0900 hours to 1230 hours Afternoon trading session: 1330 hours to 1800 hours After-hours (T+1) trading session: 2100 hours to 2330 hours (Monday to Thursday only).	Morning trading session: 0900 hours to 1230 hours Afternoon trading session: 1330 hours to 1500 hours After-hours (T+1) trading session: 2100 hours to 2300 hours
Final Trading Day	<ol style="list-style-type: none"><li>1. DCE's 10th trading day of the delivery month.</li><li>2. If DCE's 10th trading day falls on a day which is not a Business Day, the Final Trading Day will be on the Business Day immediately preceding DCE's 10th trading day.</li><li>3. Trading in the spot month ceases at 1500 hours on the Final Trading Day.</li></ol>	<ol style="list-style-type: none"><li>1. DCE's 10th trading day of the delivery month</li><li>2. Trading in the spot month ceases at 1500 hours on the Final Trading Day.</li></ol>
Settlement Method	Cash settlement (USD)	Physically Settled (CNY)
Trading + Clearing Fee	Total USD0.90	CNY2.5



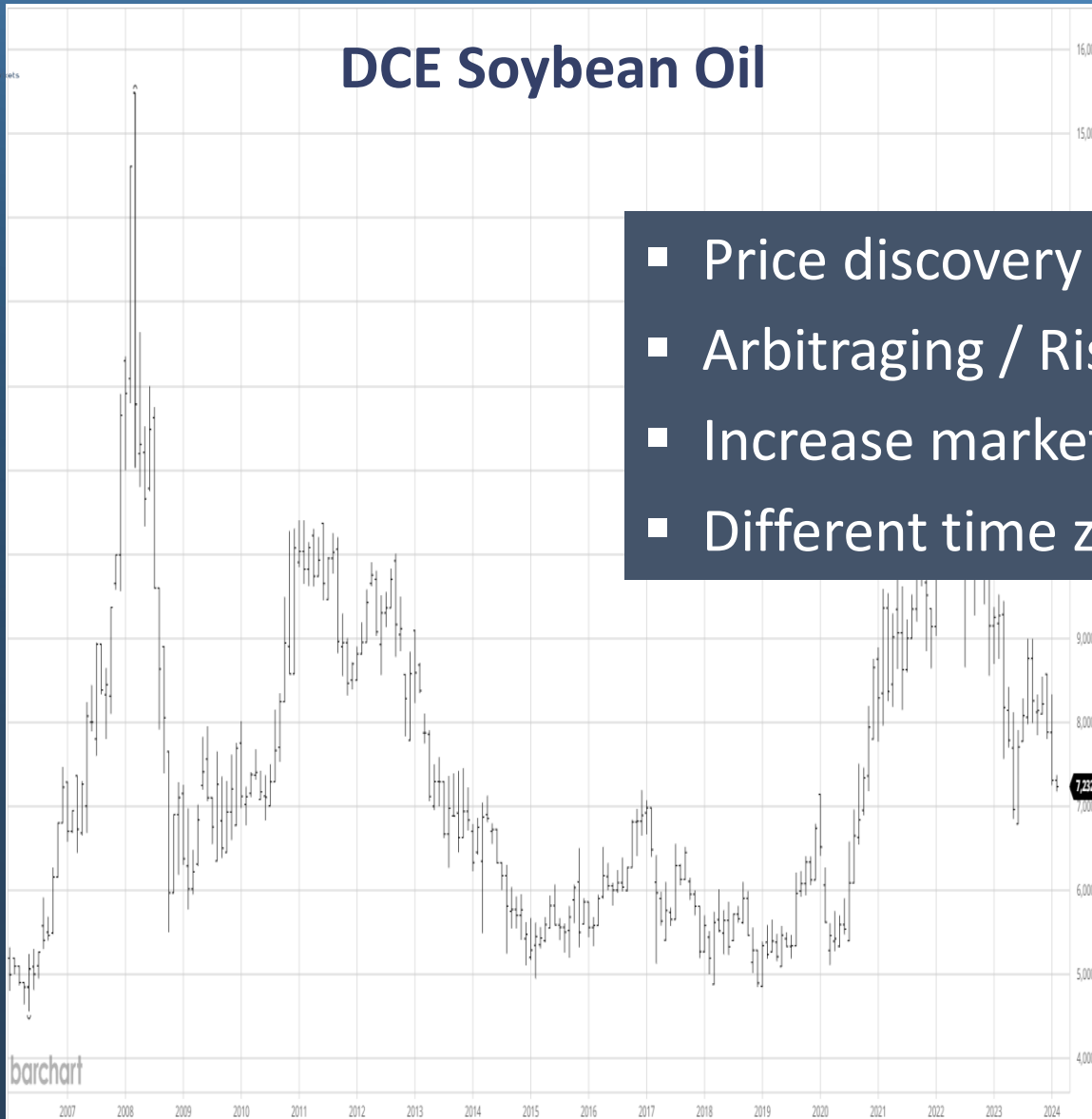


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## DCE Soybean Oil



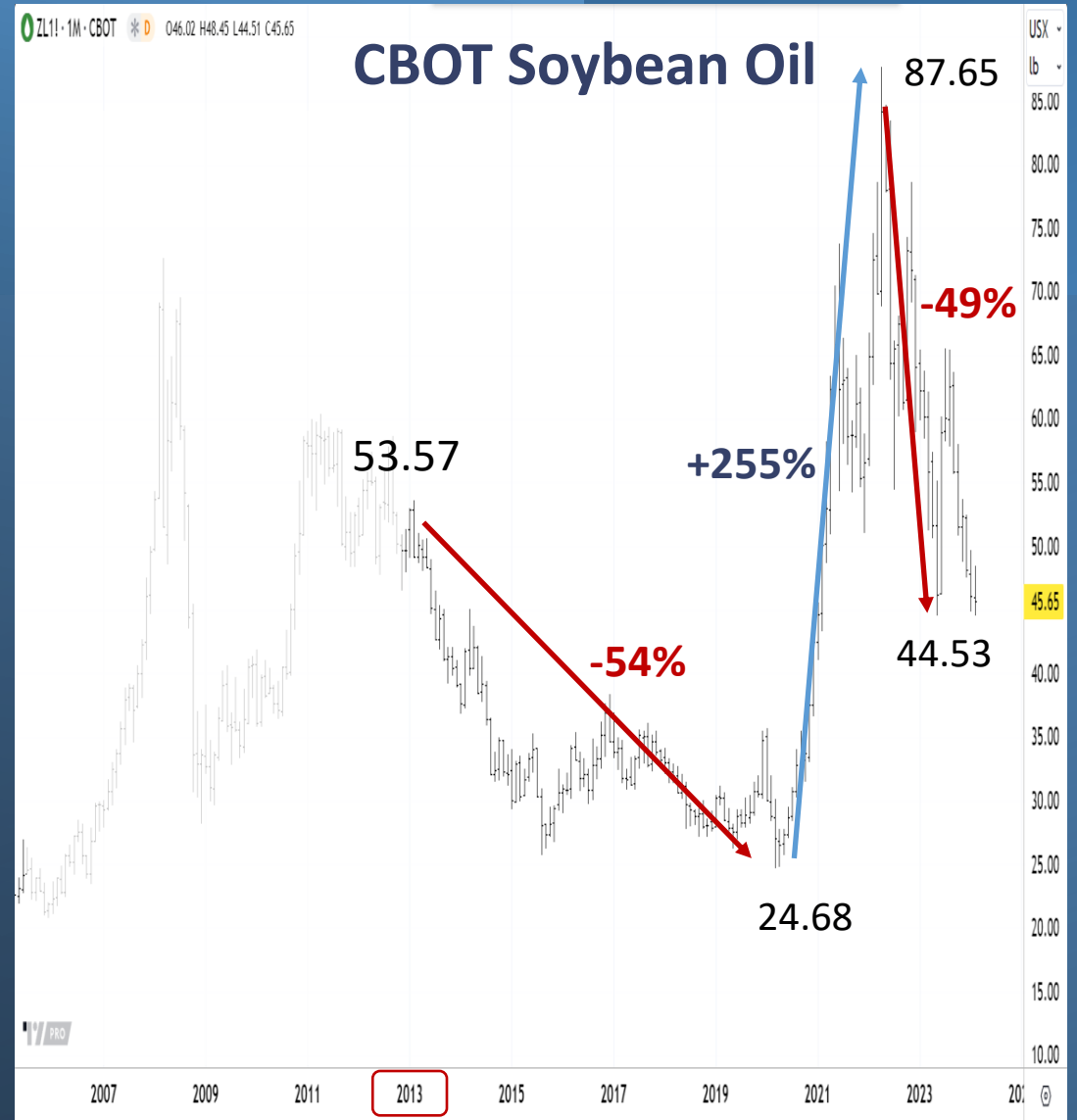
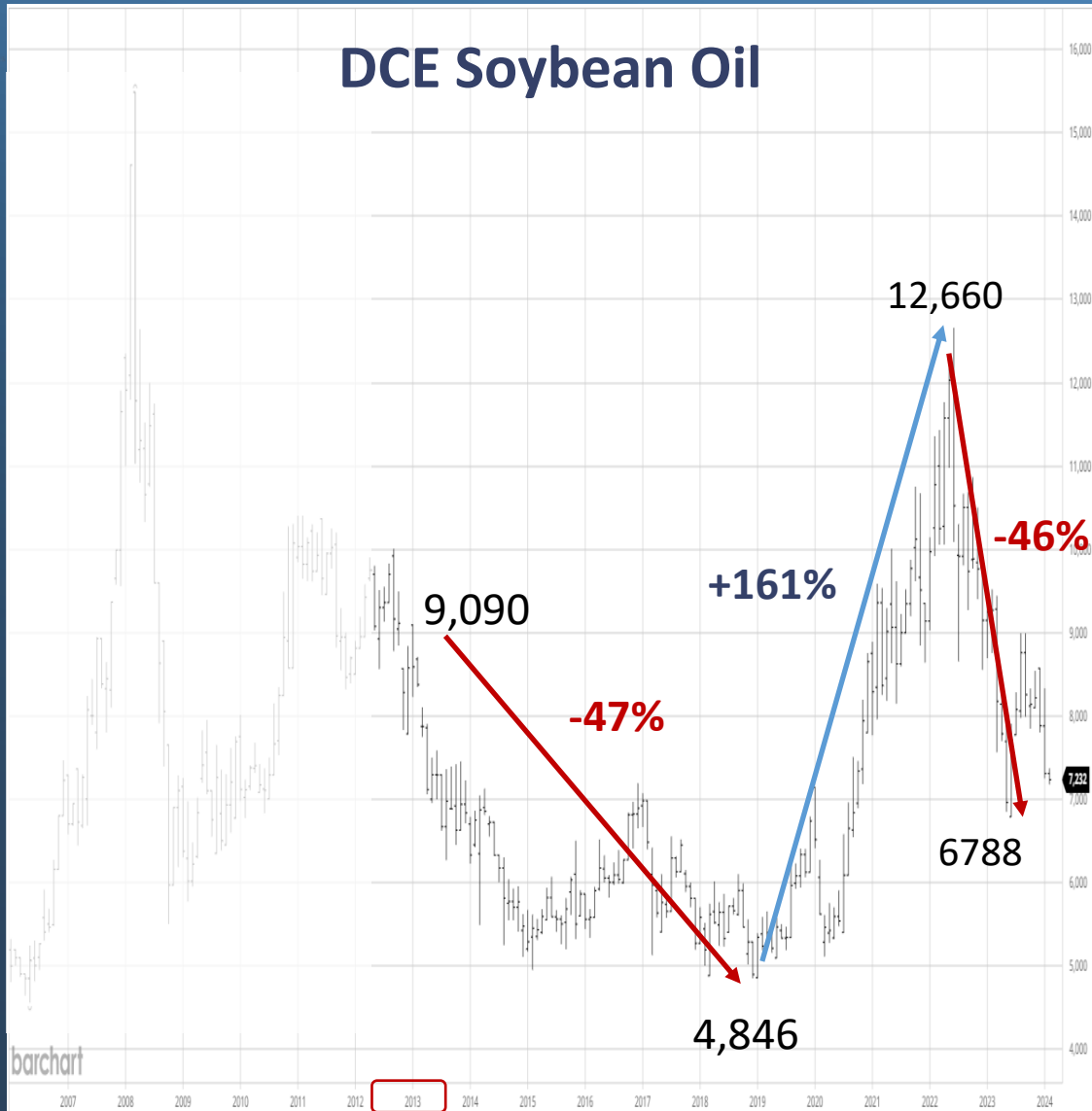
- Price discovery
- Arbitraging / Risk / Trading
- Increase market participants
- Different time zone or trading hours

ZL11 · 1M · CBOT \* D 046.02 H48.45 L44.51 C45.65

## CBOT Soybean Oil







Source: TradingView / Barchart / Weipedia



Source: TradingView / Weipedia





Source: TradingView / Weipedia



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# Why Trade FSOY (DCE Soybean Oil) via Bursa?

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- Soybean, soybean meal & soybean oil demand to continue to grow globally, but mainly in Asia
- Malaysian traders are familiar with spread trading between CPO and DCE-Y already
- DCE Soybean oil is traded mainly by the physical traders or businesses
- Ideally, price should reflect supply and demand, not speculation
- BMD is a good match for expanding cross-border price discovery
- USD benchmark takes out CNY volatility





www.bursamalaysia.com

### Crude Palm Oil Futures (FCPO)

Category	Aug/23	Sep/23	Oct/23	Nov/23	Dec/23	Jan/24
Foreign Institutions	57%	58%	57%	56%	56%	<b>56%</b>
Domestic Institutions	9%	9%	10%	11%	11%	<b>11%</b>
Foreign Retail	0%	0%	0%	0%	0%	<b>0%</b>
Domestic Retail	26%	25%	26%	24%	23%	<b>25%</b>
Locals	8%	8%	8%	9%	10%	<b>8%</b>
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### Options on CPO Futures (OCPO)

Category	Aug/23	Sep/23	Oct/23	Nov/23	Dec/23	Jan/24
Foreign Institutions	89%	85%	94%	94%	50%	<b>99%</b>
Domestic Institutions	11%	15%	6%	6%	50%	<b>1%</b>
Foreign Retail	0%	0%	0%	0%	0%	<b>0%</b>
Domestic Retail	0%	0%	0%	0%	0%	<b>0%</b>
Locals	0%	0%	0%	0%	0%	<b>0%</b>
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### Mini USD/CNH Futures (FCNH)

Category	Aug/23	Sep/23	Oct/23	Nov/23	Dec/23	Jan/24
Foreign Institutions					52%	<b>73%</b>
Domestic Institutions					0%	<b>2%</b>
Foreign Retail					0%	<b>0%</b>
Domestic Retail					48%	<b>25%</b>
Locals					0%	<b>0%</b>
<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>





Products	Crude Palm Oil Futures		Options on Crude Palm Oil Futures		Mini USD/CNH Futures	
	Month	Mth Volume	Mth-End Open Interest	Mth Volume	Mth-End Open Interest	Mth Volume
Aug/23	1.234.009	209.007	550	3.400	0	0
Sep/23	1.273.983	221.984	900	3.050	0	0
Oct/23	1.380.491	213.479	1.350	2.850	0	0
Nov/23	1.146.551	206.142	975	3.000	0	0
Dec/23	1.030.344	214.704	125	2.700	48	4
Jan/24	1.460.634	213.617	4.450	5.100	128	2



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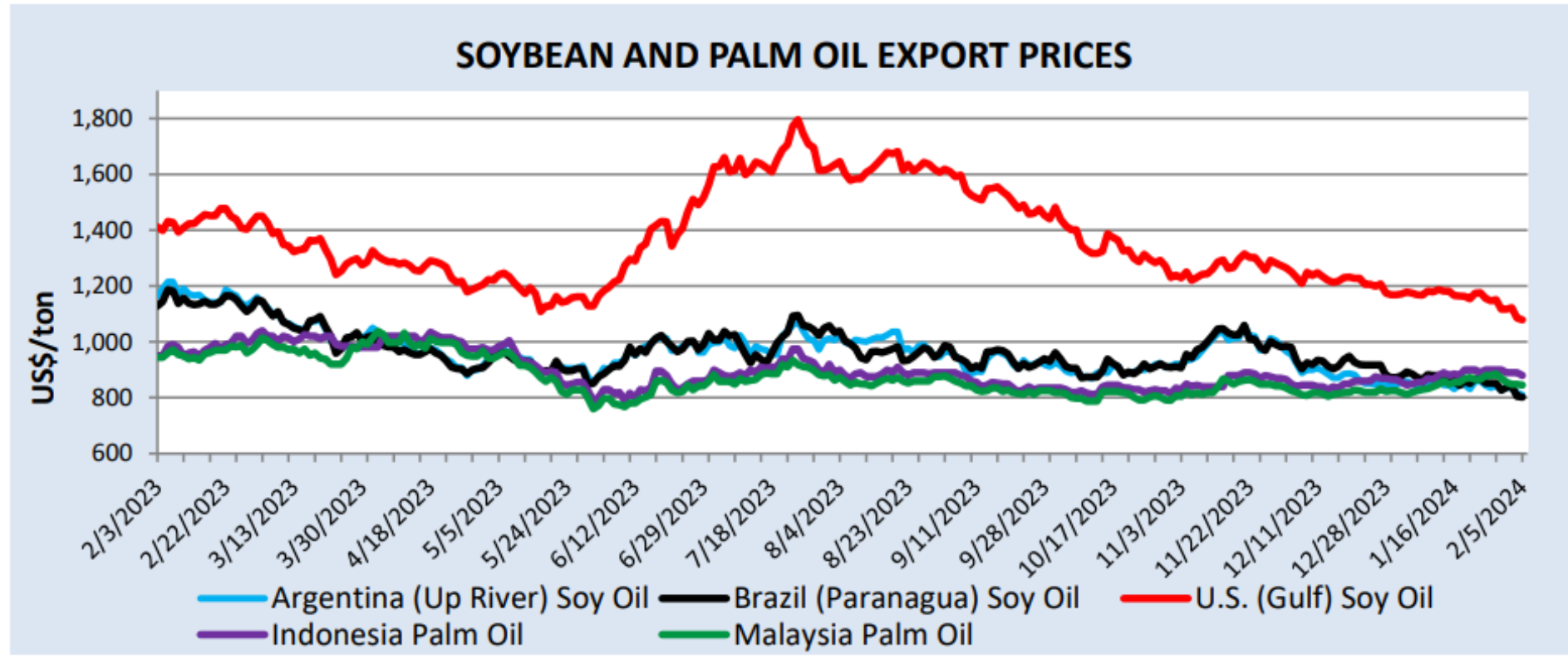




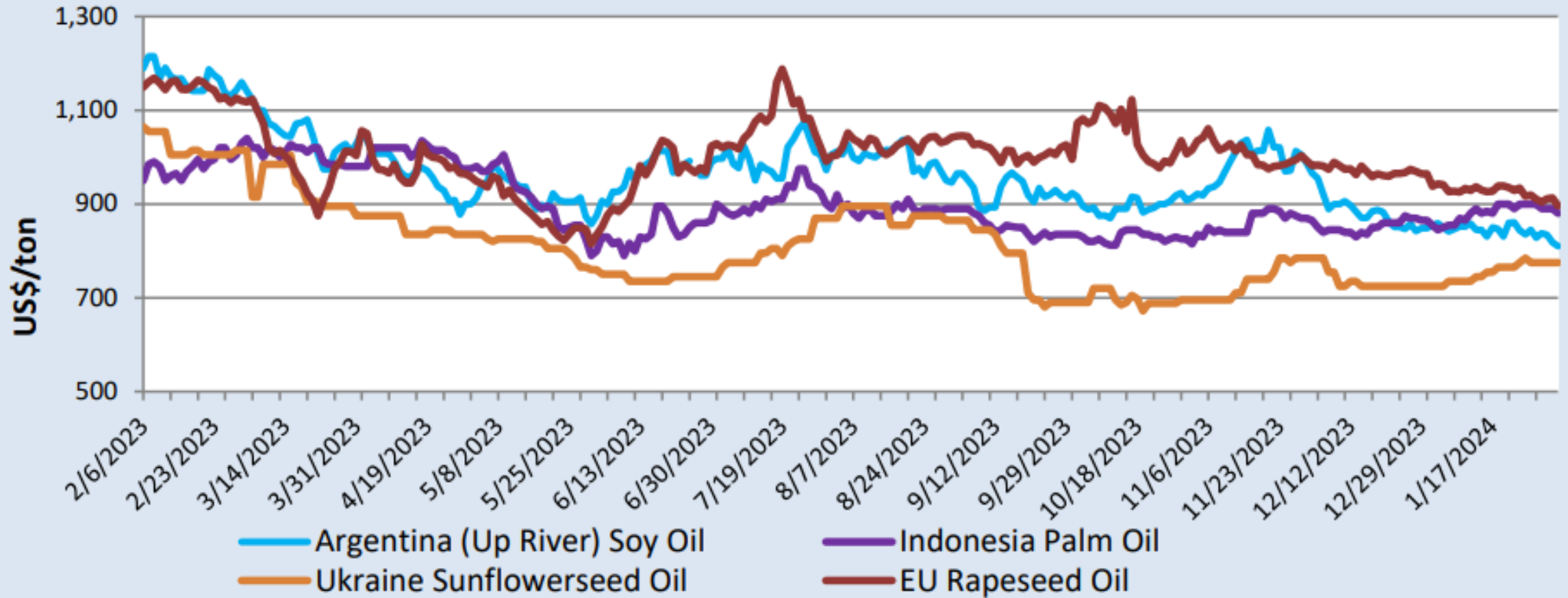
### Soybean and Palm Oil Export Prices (U.S. dollars per metric ton)

	U.S. Soybean Oil	Argentina Soybean Oil	Brazil Soybean Oil	Indonesia Palm Oil	Malaysia Palm Oil
January 5	\$1,169	\$841	\$873	\$855	\$825
February 7	\$1,079	\$810	\$802	\$880	\$845
<b>Change</b>	<b>-\$90</b>	<b>-\$31</b>	<b>-\$71</b>	<b>+\$25</b>	<b>+\$20</b>

Source: International Grains Council; all prices are FOB: U.S. Gulf, Argentina Up River, Brazil Paranagua.



### VEGETABLE OIL EXPORT PRICES







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## Potential Risks in 2024:

**Risk 1: Expansion in Geopolitical Tension**

**Risk 2: U-turn in Inflation**

**Risk 3: El Nino**

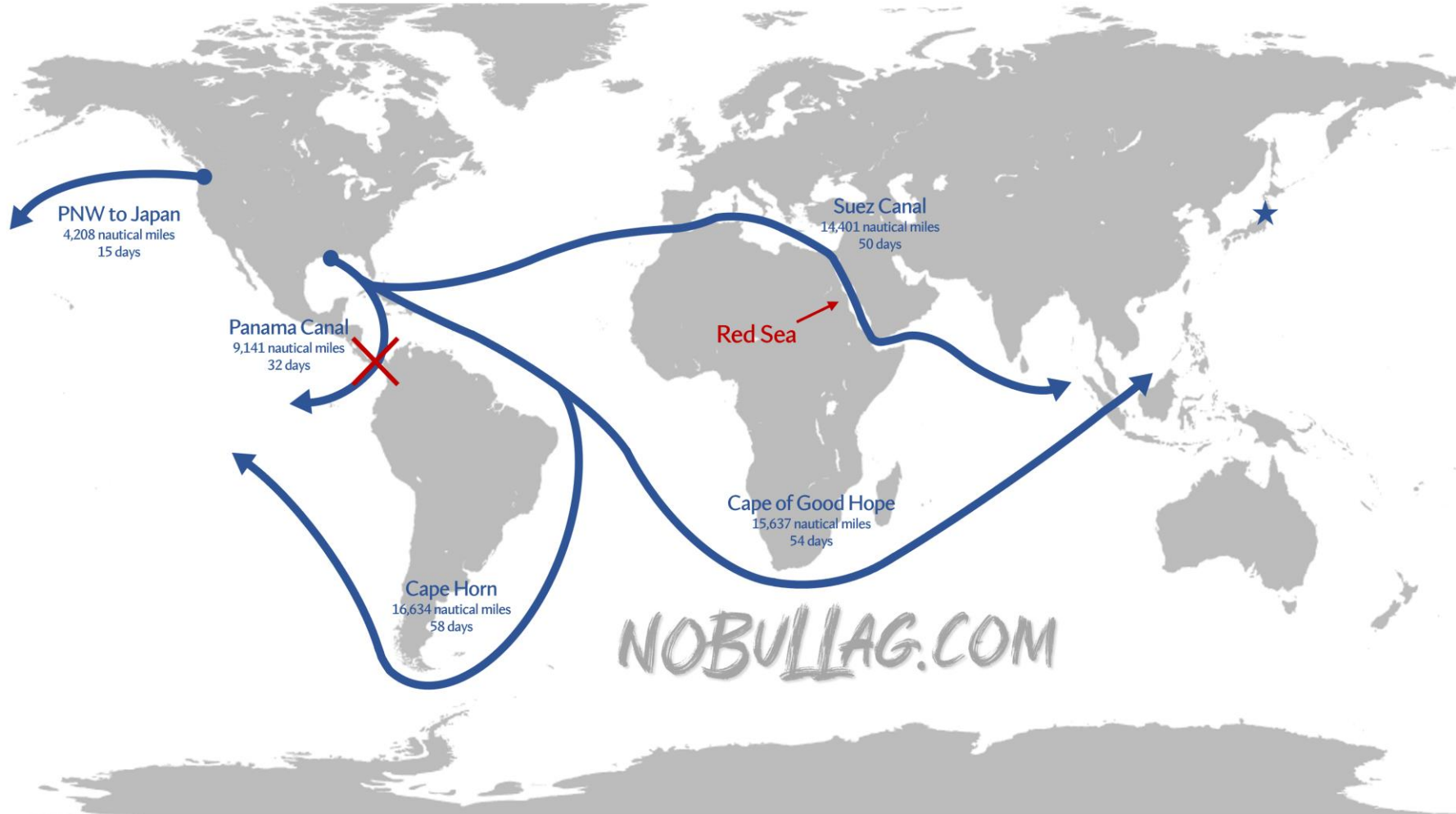
**Risk 4: Global Investor Sentiment**



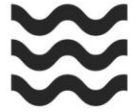


# U.S. Gulf Export Routes to Japan

@SusanNoBull



Source: Sea-distances.org, 12 knots

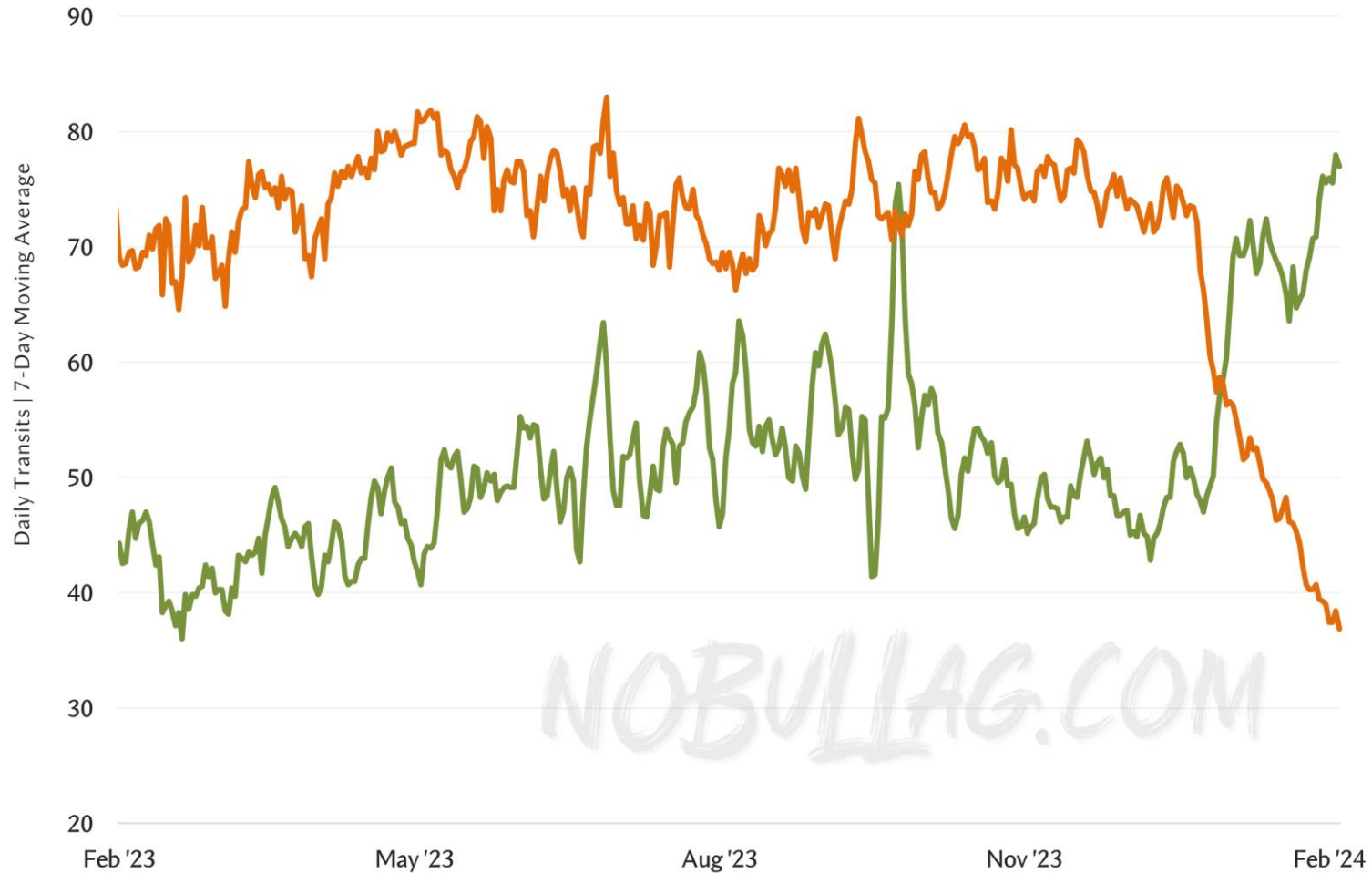


# Daily Transits | 7-Day Moving Average

Suez Canal vs Cape of Good Hope

@SusanNOBULL

Source: IMF





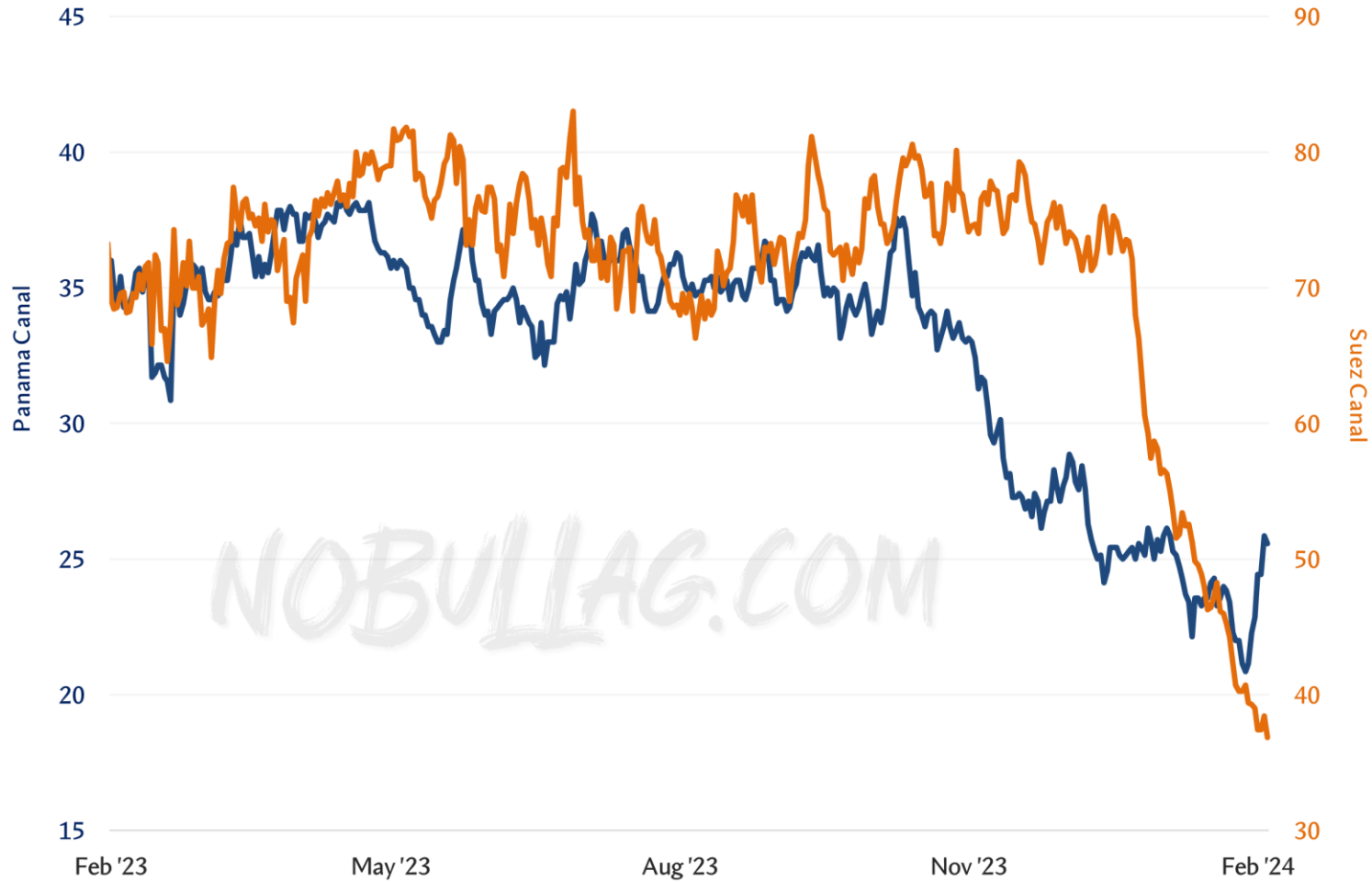


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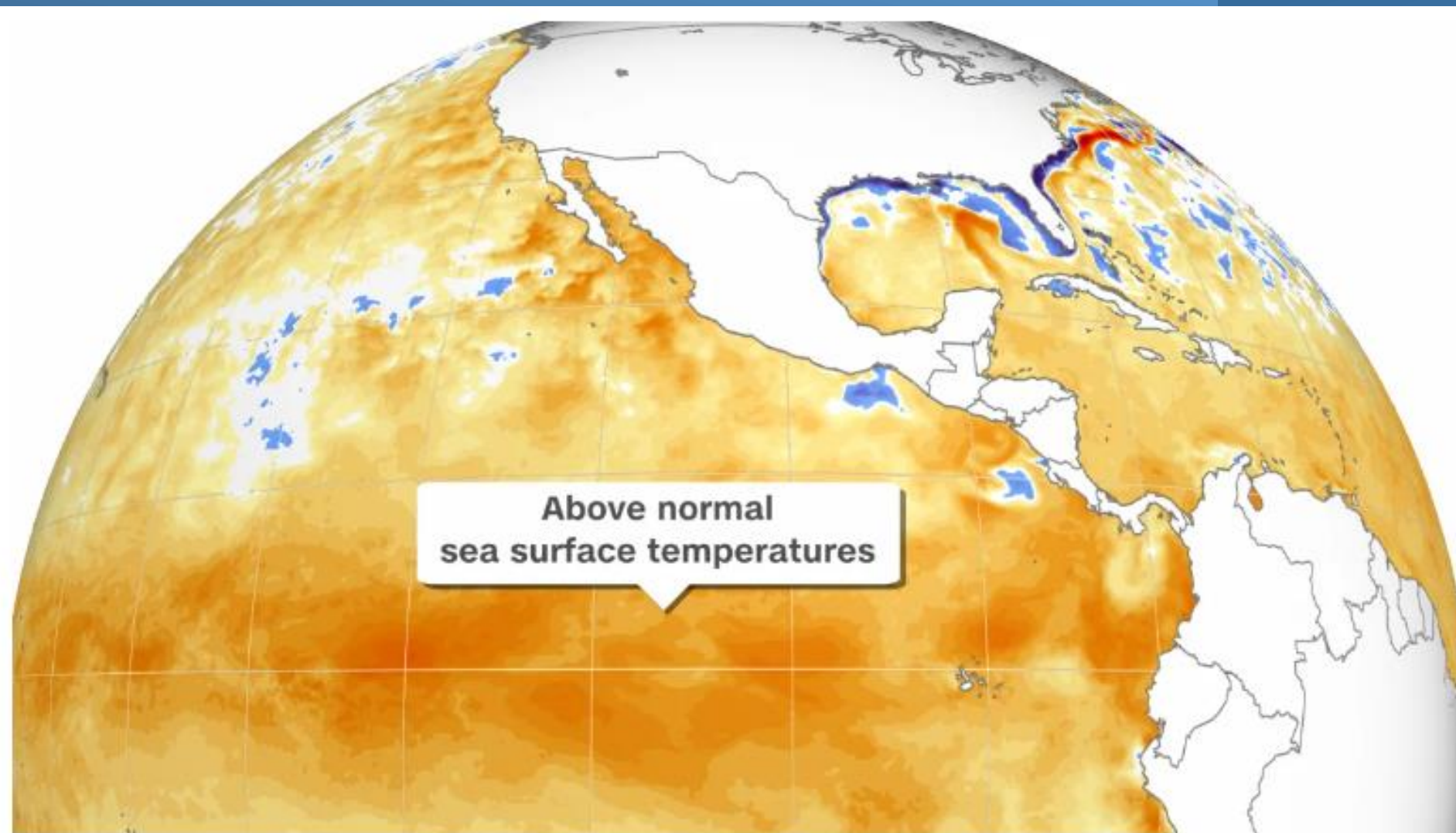
@SusanNOBULL

## Panama Canal vs Suez Canal

Source: IMF



NOBULLAG.COM



Sea-surface temperature anomalies are shown in the area of the eastern Pacific Ocean where a very strong El Niño is present on Wednesday, February 7, 2024. Darker oranges represent warmer than normal conditions while blues represent cooler than normal conditions. These ocean temperatures help determine the strength of El Niño. CNN Weather



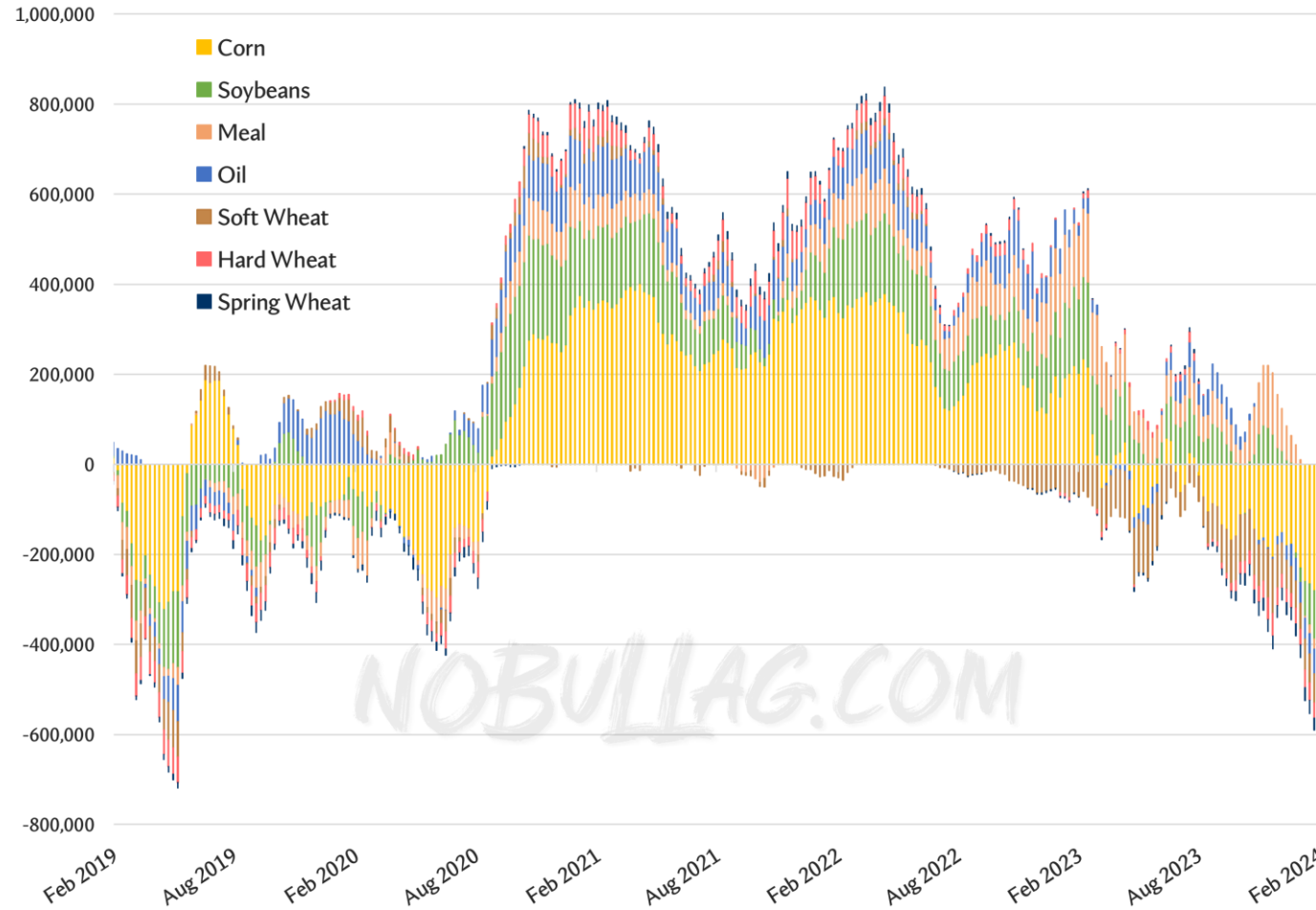


# Managed Money Net Positions

(+) Long or (-) Short | Futures & Options



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# SPOT SH1 IN CNY VS SPOT PAL1 IN CNY = DCE



# SPOT SH1 IN USD VS SPOT PAL1 IN USD = DCE





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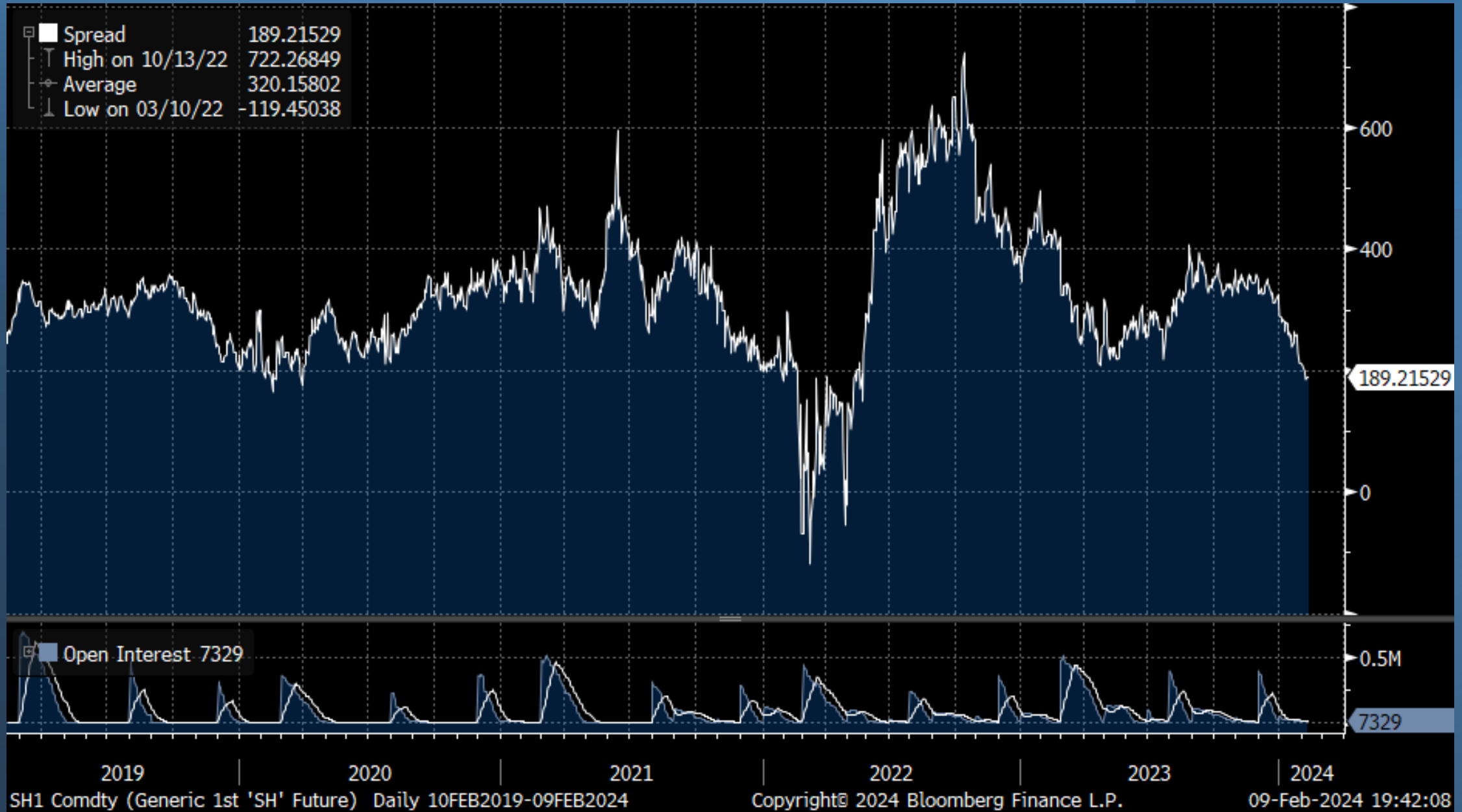
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# SPOT SH1 IN USD VS SPOT MONTH KO1 IN USD



# SPOT SH1 IN USD MINUS 1ST SPOT KO1 IN USD

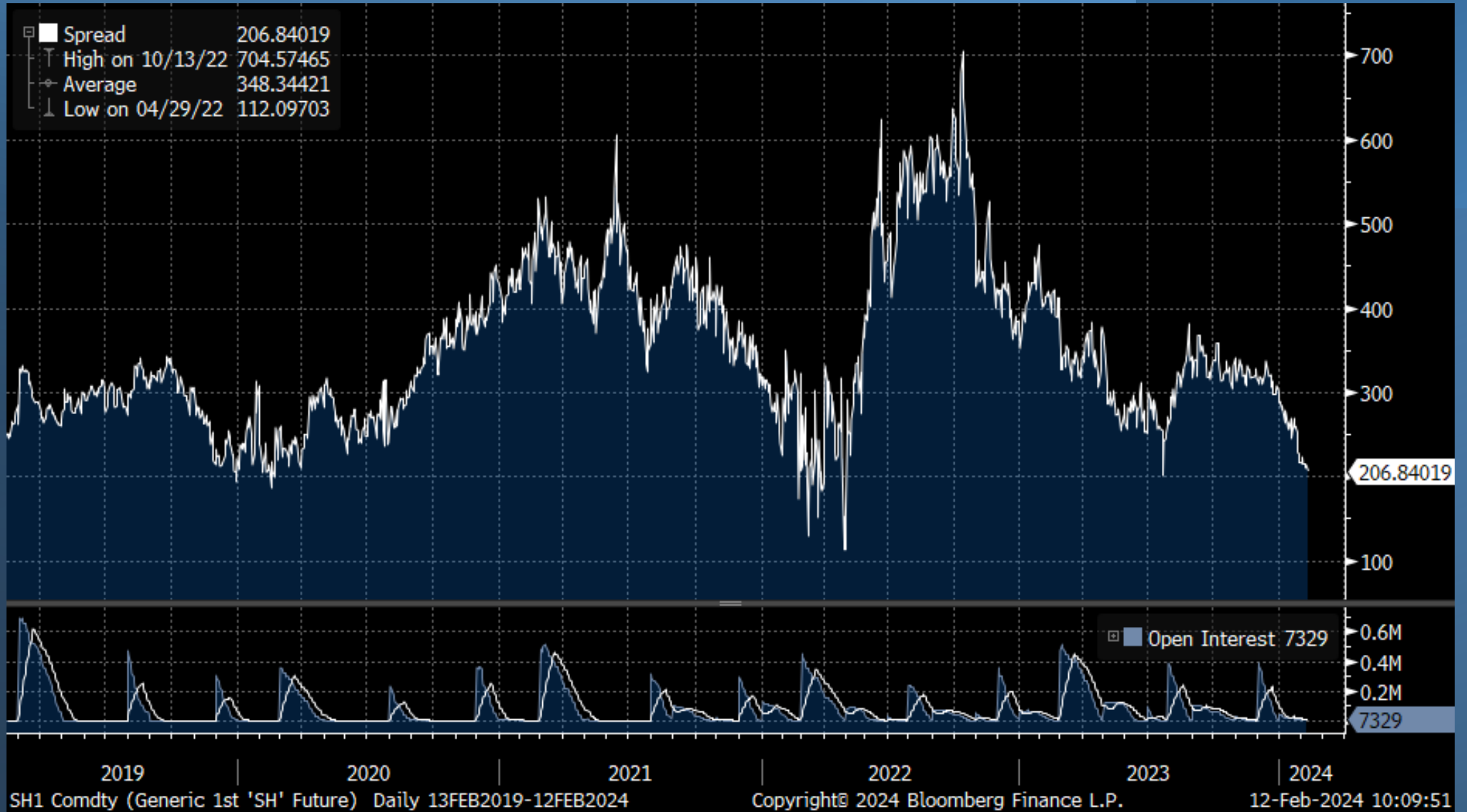


# DCE SHA VS BMD KO3 IN USD (ACTIVE MONTHS) IN USD





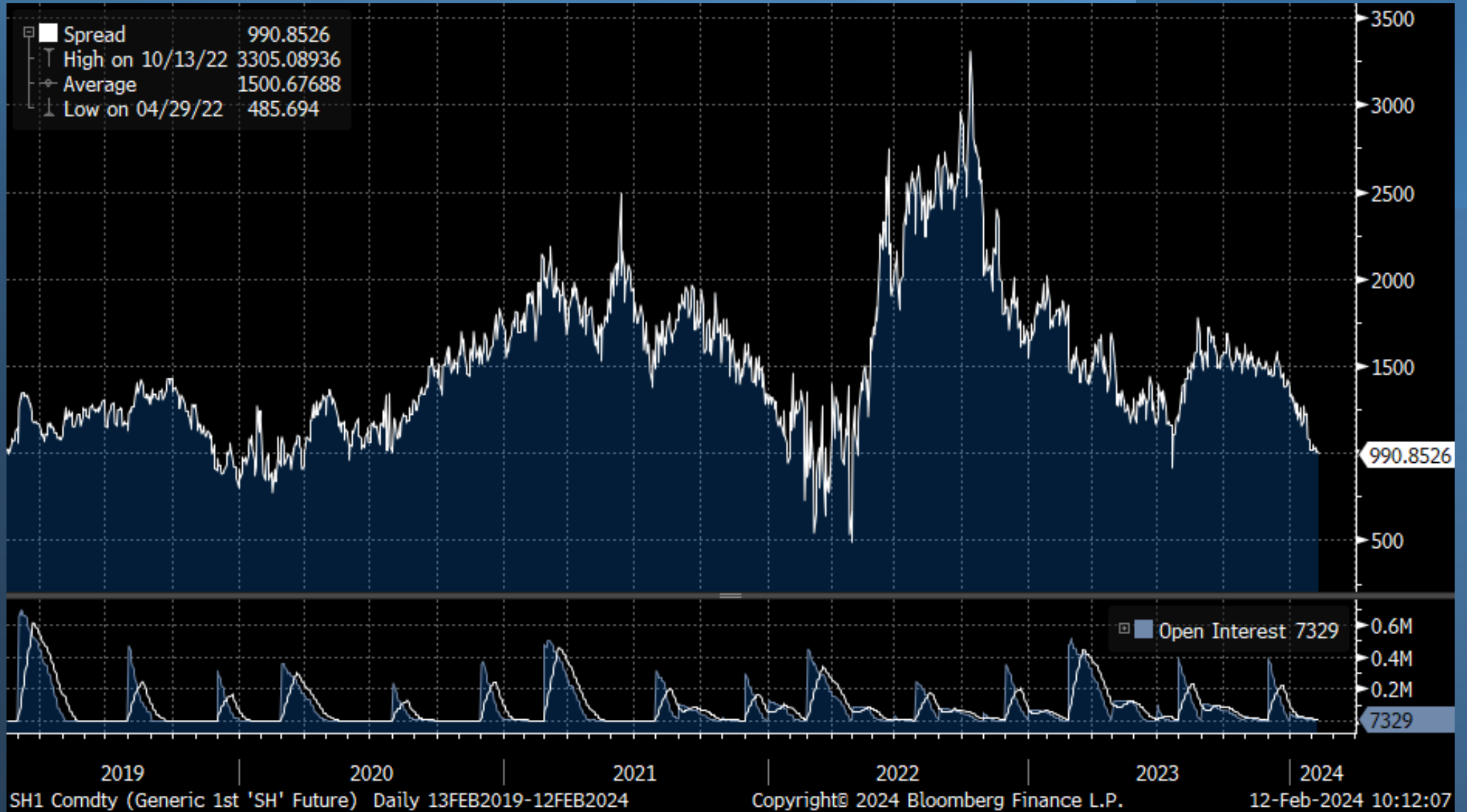
# SPOT SH1 IN USD MINUS 3<sup>RD</sup> MONTH KO3 IN USD



# SPOT SH1 IN MYR VS 3<sup>RD</sup> MONTH KO3 IN MYR



# SPOT SH1 IN MYR MINUS 3<sup>RD</sup> MONTH KO3 IN MYR







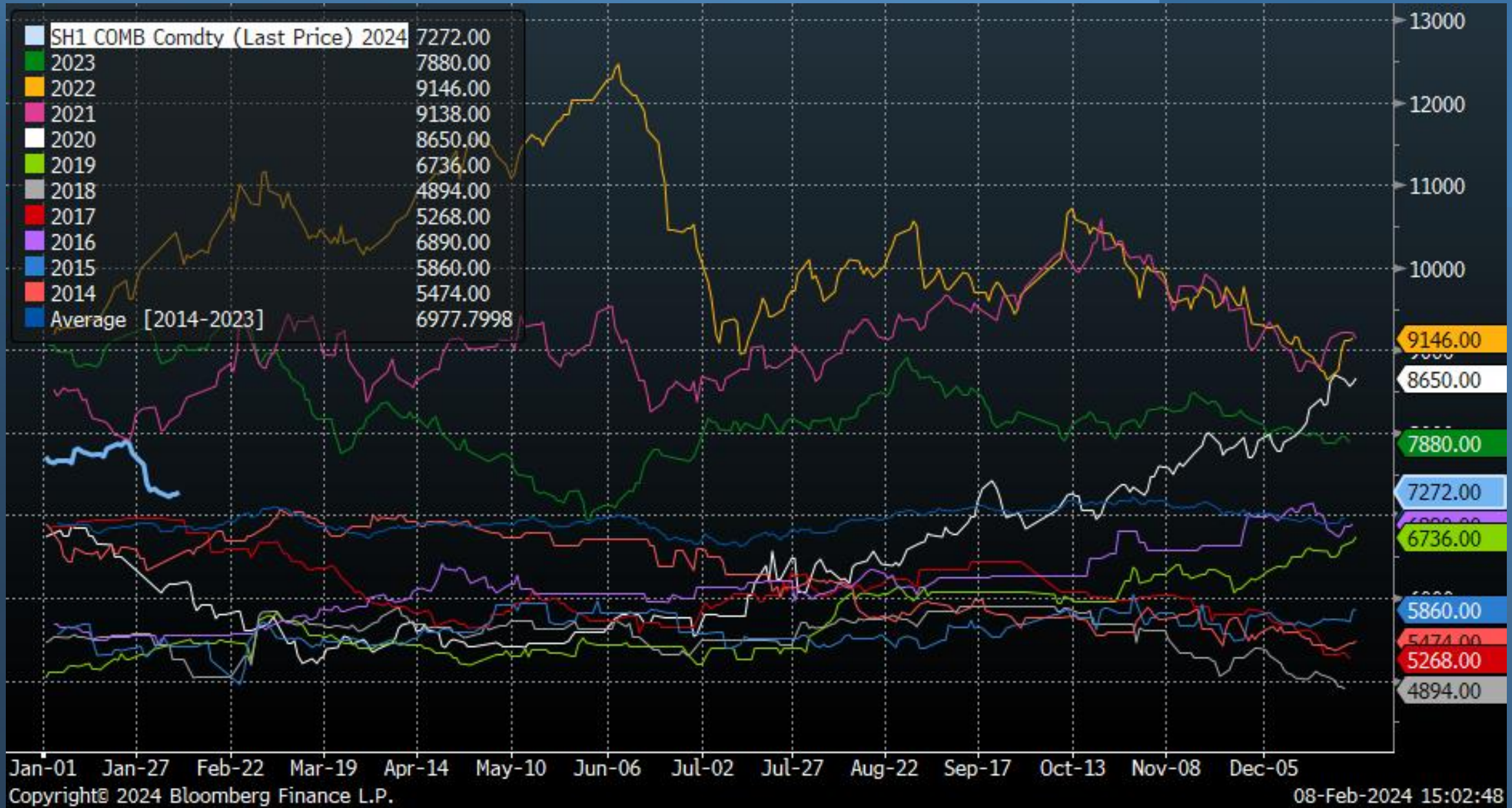
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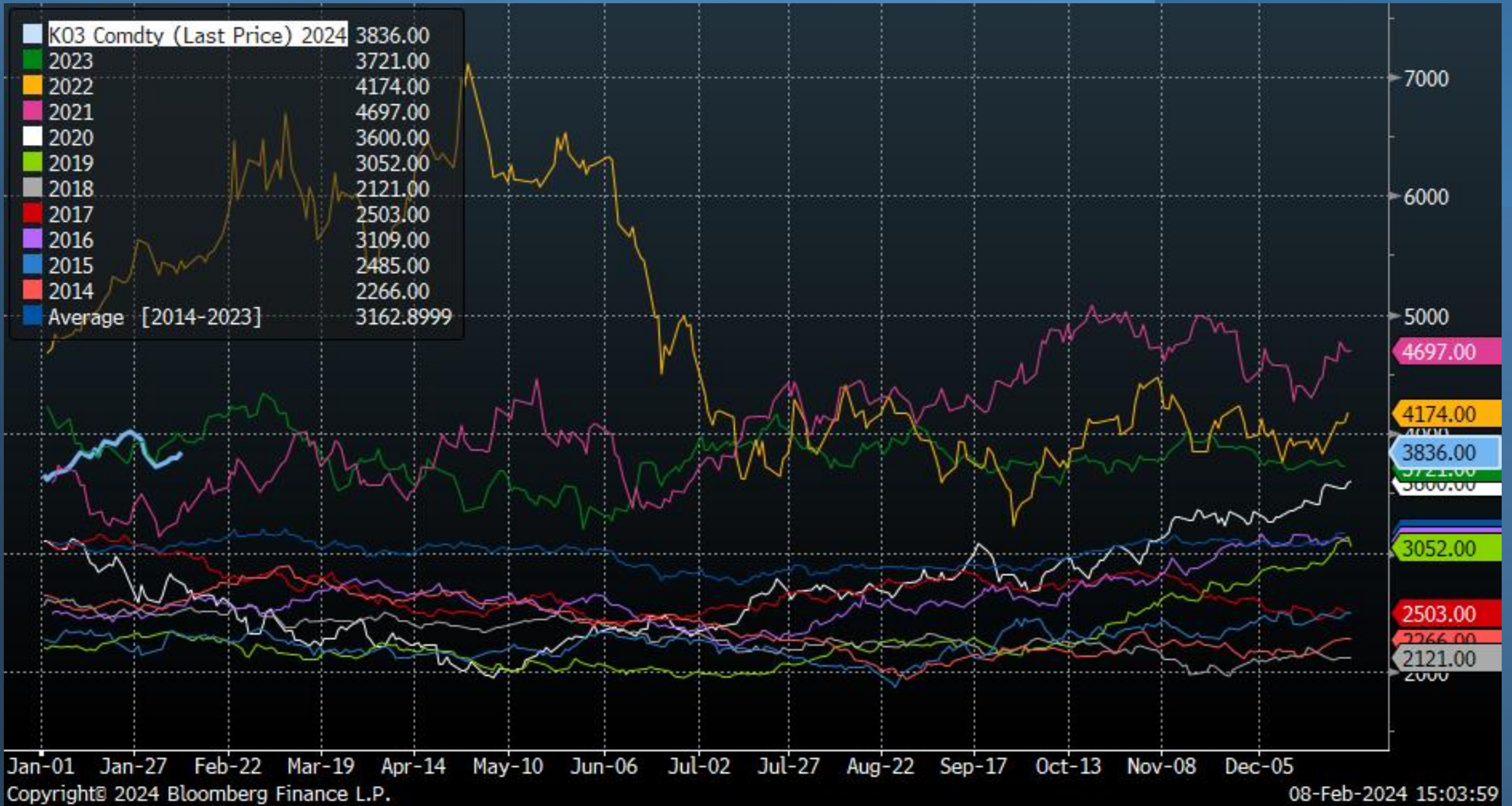


# SEASONALITY DCE SH1 1ST MONTH IN CNY



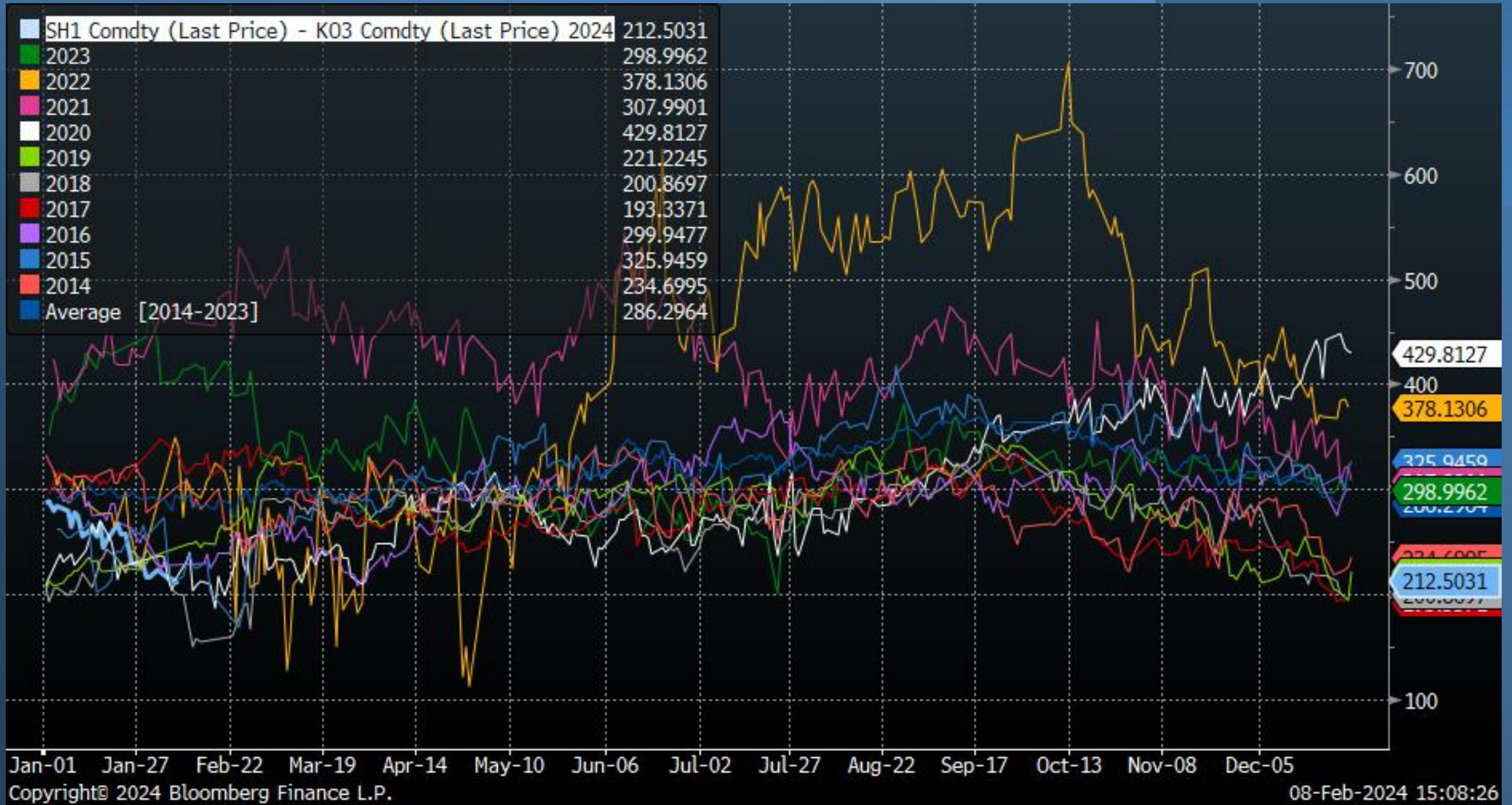


# SEASONALITY BMD 3<sup>RD</sup> MONTH IN MYR





# SPOT SH1 IN USD MINUS 3<sup>RD</sup> MONTH KO3 IN USD







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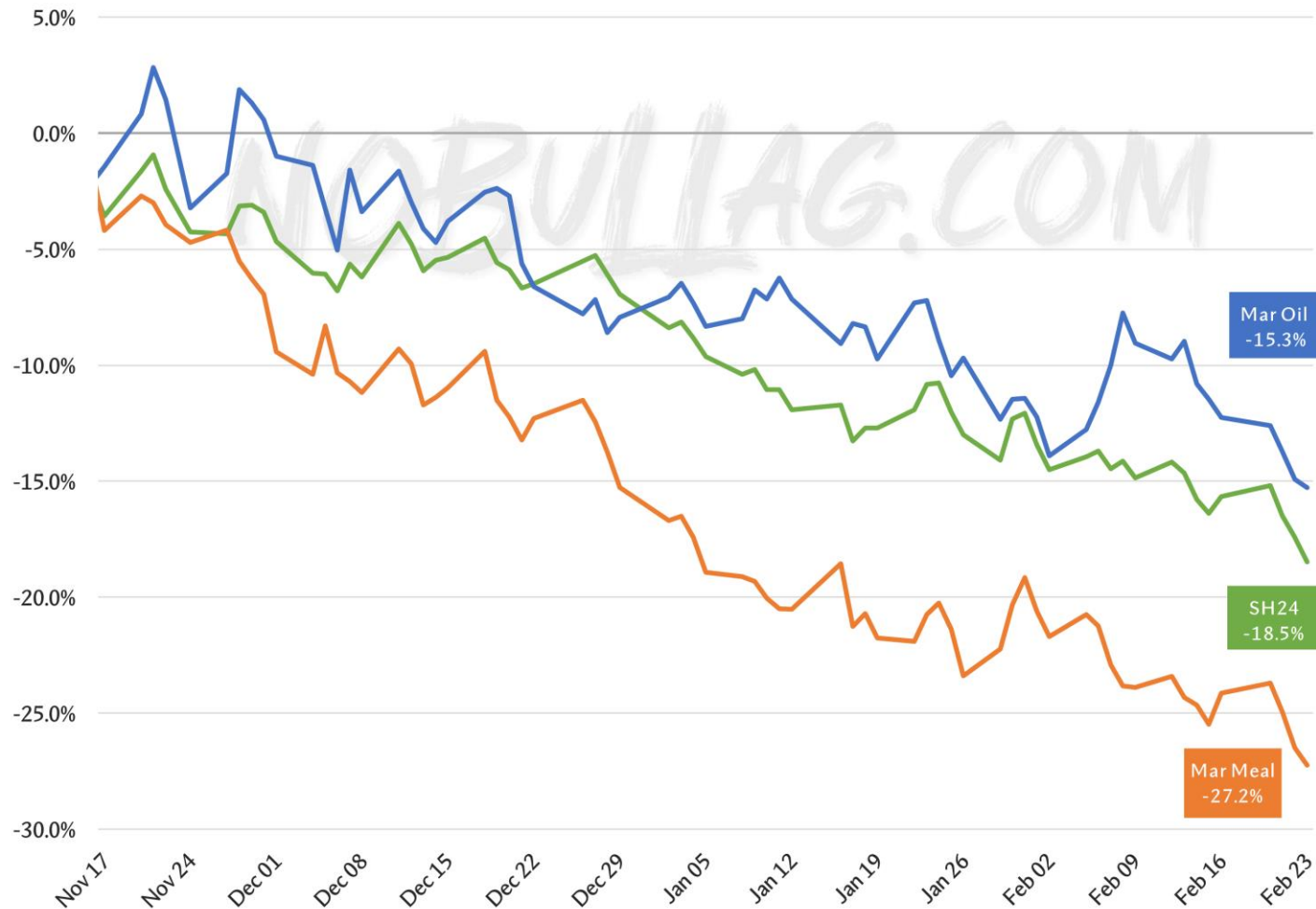


# Soy Complex Futures Performance

Nearby, Since Nov 15 | Soybeans | Meal | Oil

barchart

@SusanNOBULL



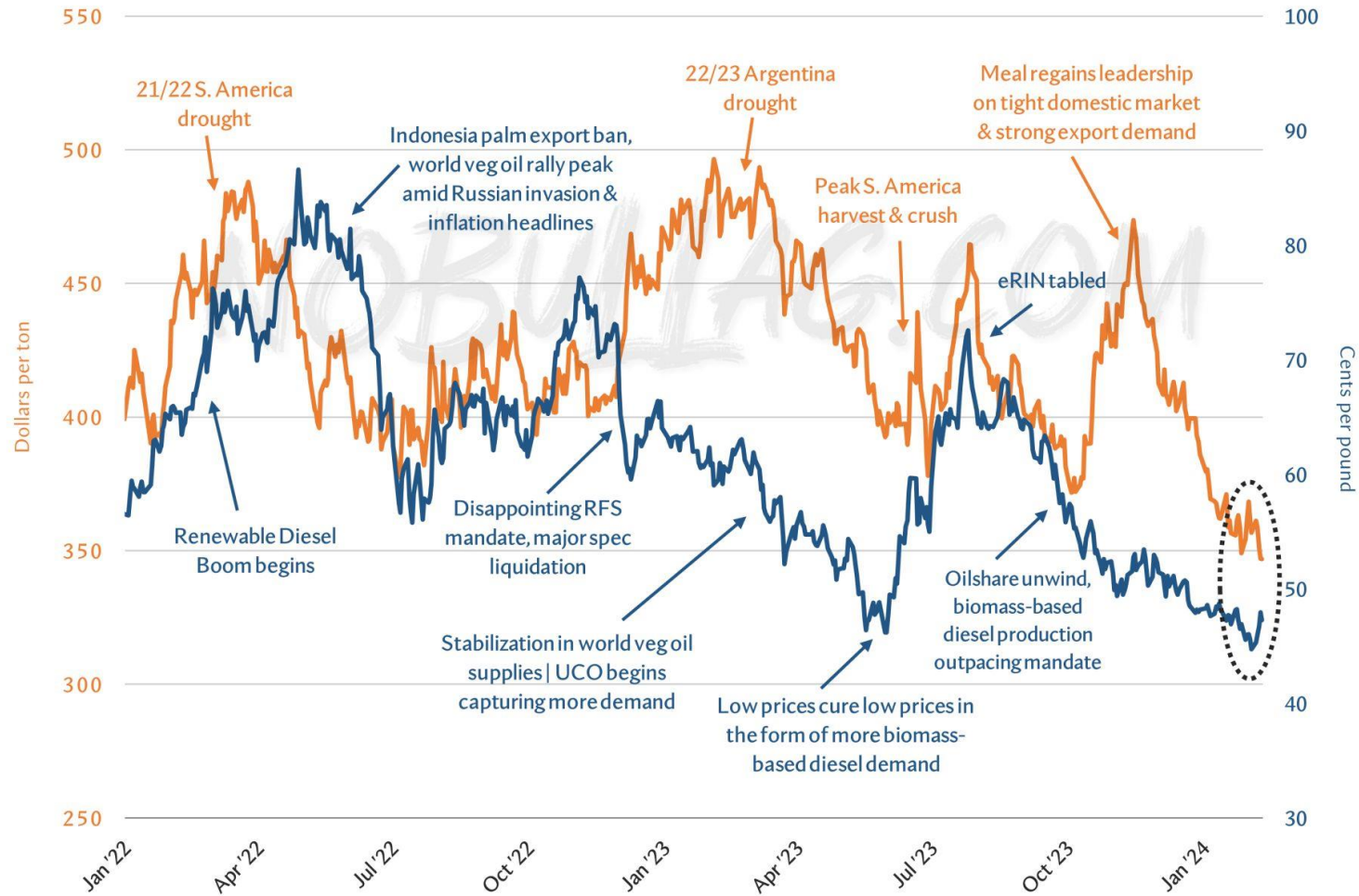




# Soy Product Performance

Soybean Meal | Soybean Oil | Nearby

barchart  
@SusanNOBULL



Source: Barchart

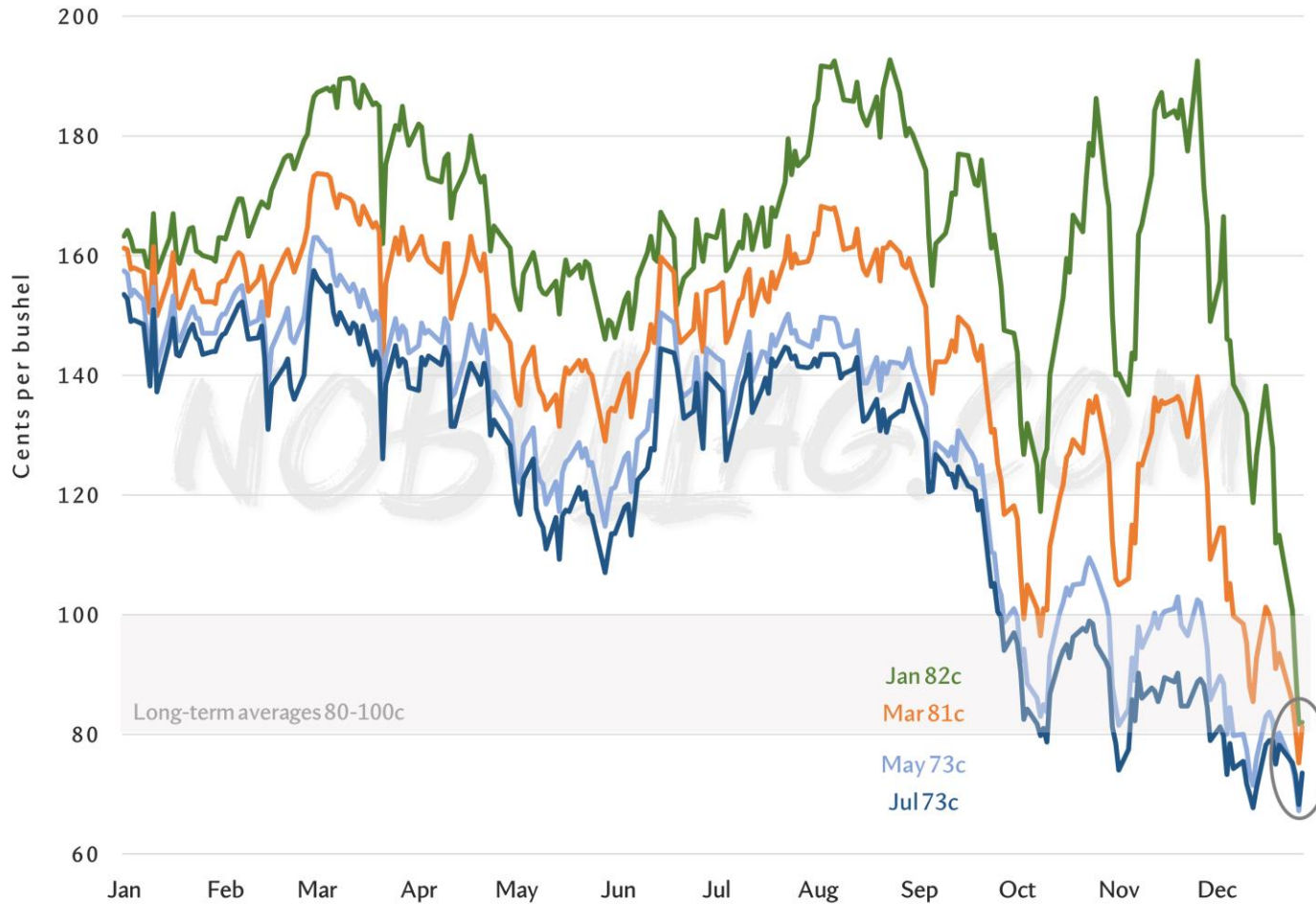


# Soybean Board Crush Performance

January | March | May | July

barchart

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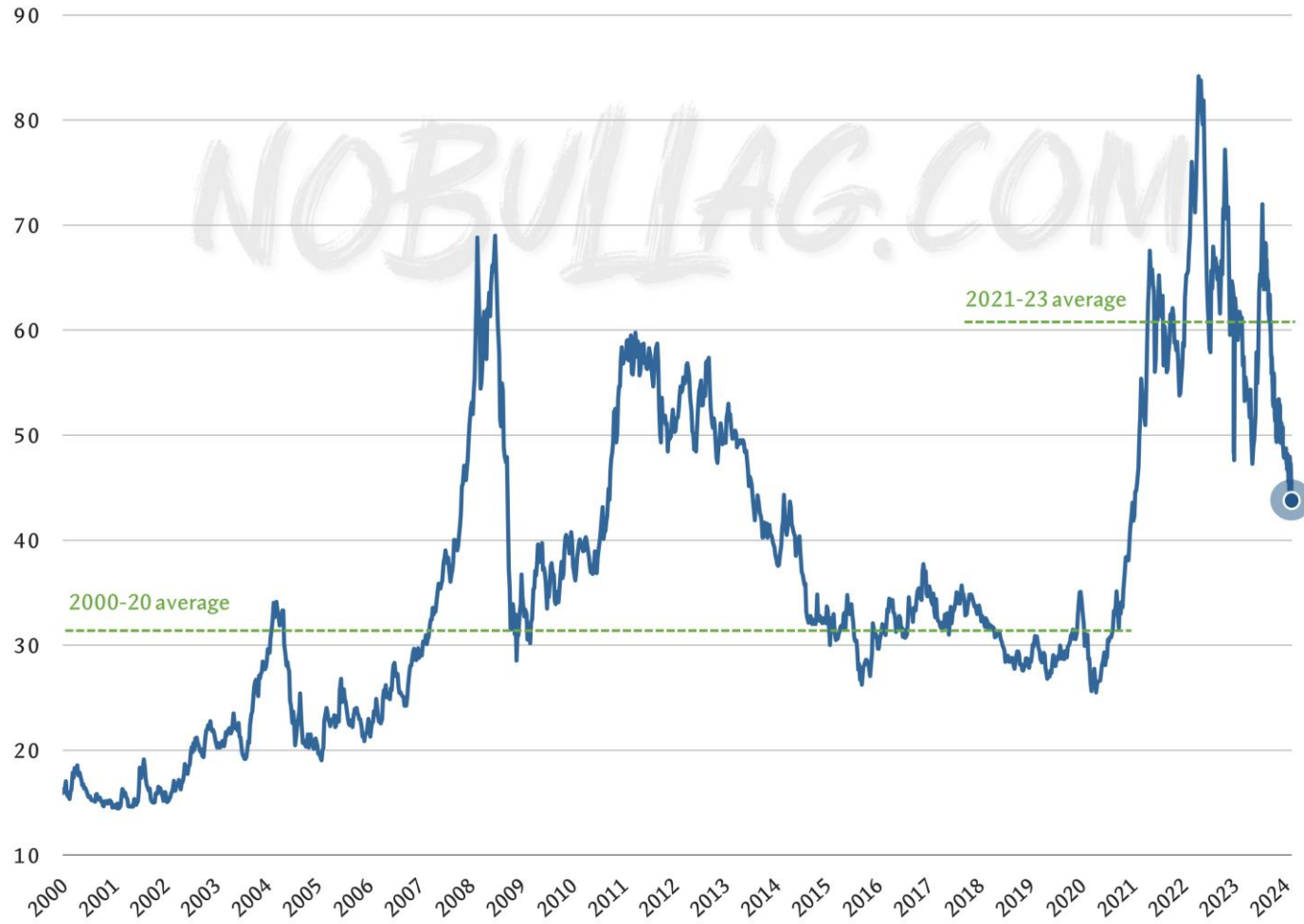




# Nearby Soybean Oil Futures

Daily | Cents per pound

**barchart**  
@SusanNOBULL





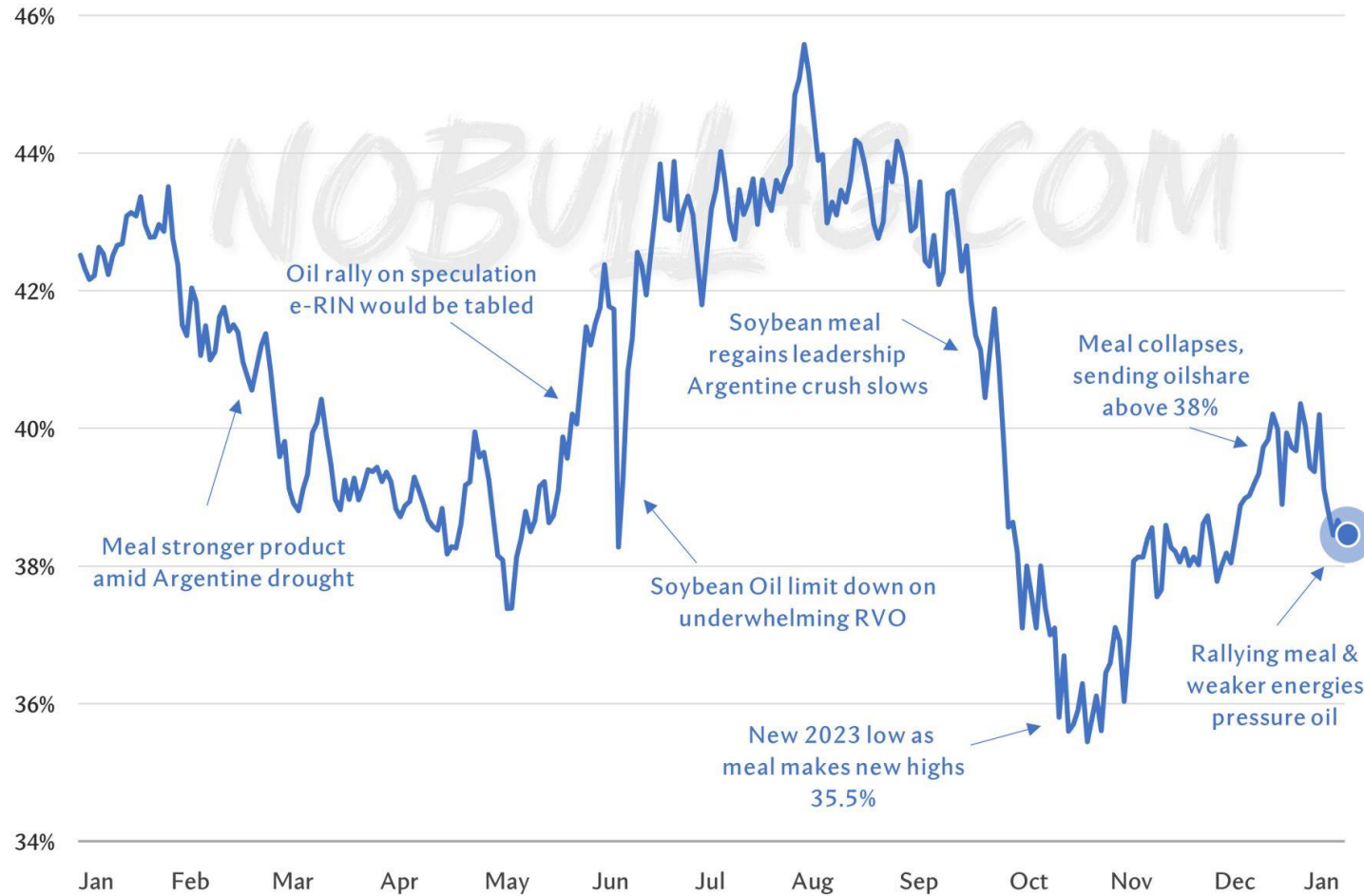


# Soybean Oilshare

Daily Nearby | CBOT

QT Market Center

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- BOARD CRUSH, OILSHARE
- **BIOENERGY SPREADS**
- Q&A

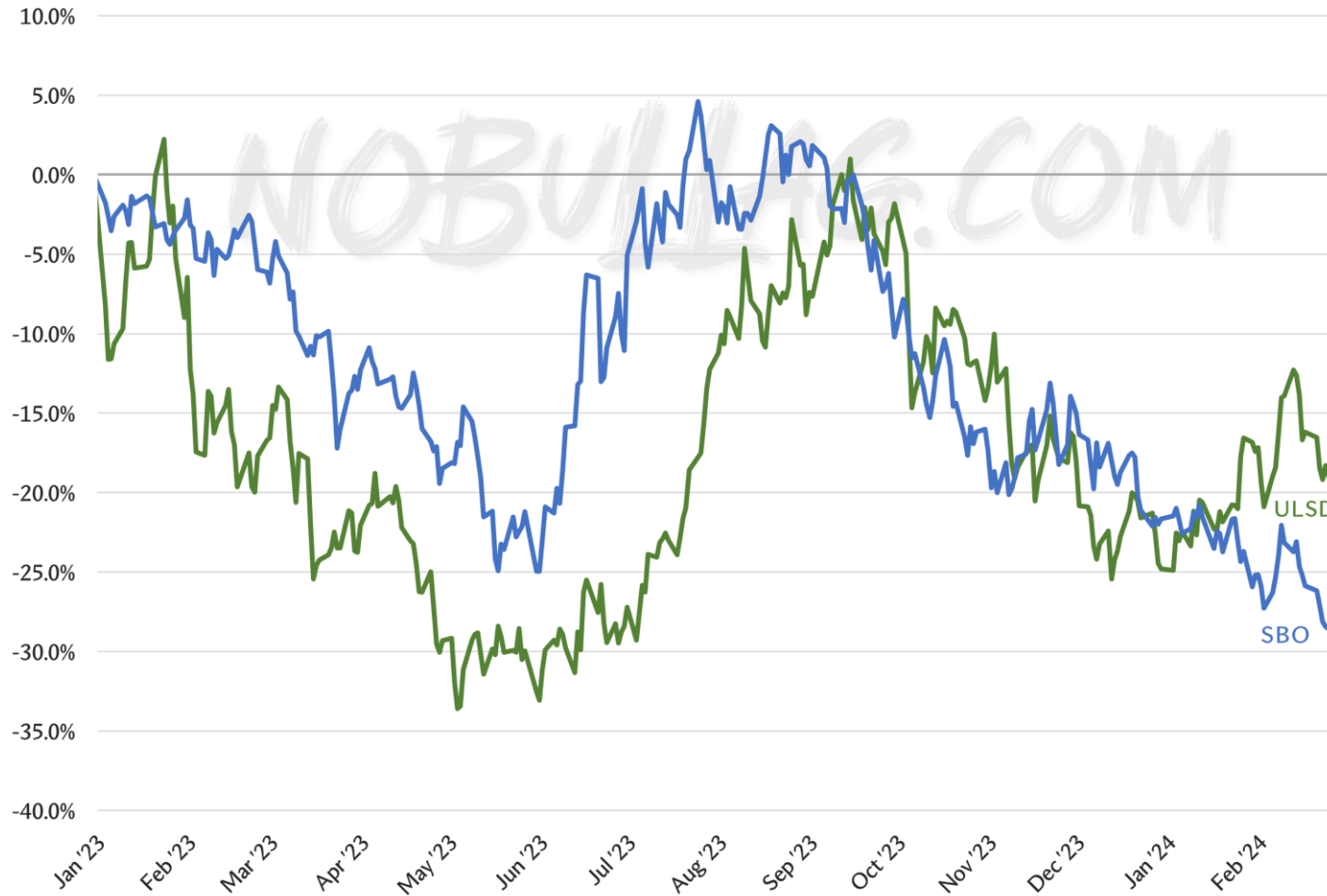




# Futures Performance 2023-2024

Nearby Diesel vs Soybean Oil

**barchart**  
@SusanNOBULL



Source: Barchart



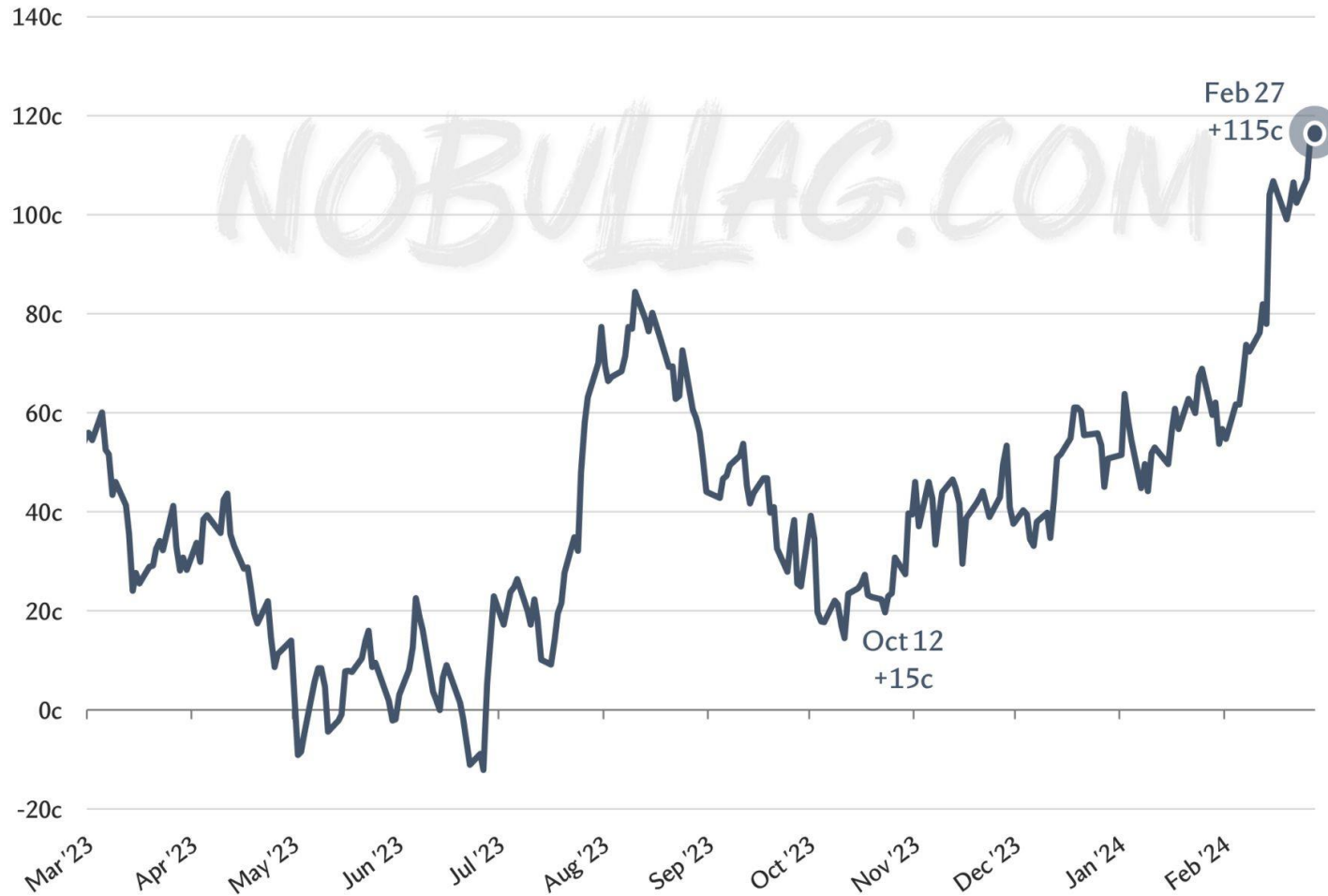


# Gasoline Premium vs Ethanol

Nearby Futures | Cents Per Gallon

**barchart**

@SusanNOBULL





# Biomass-Based Diesel D4 RINs vs Nearby Soybean Oil Futures

@SusanNOBULL

Source: Barchart  
Bloomberg RIN4Y0 Index



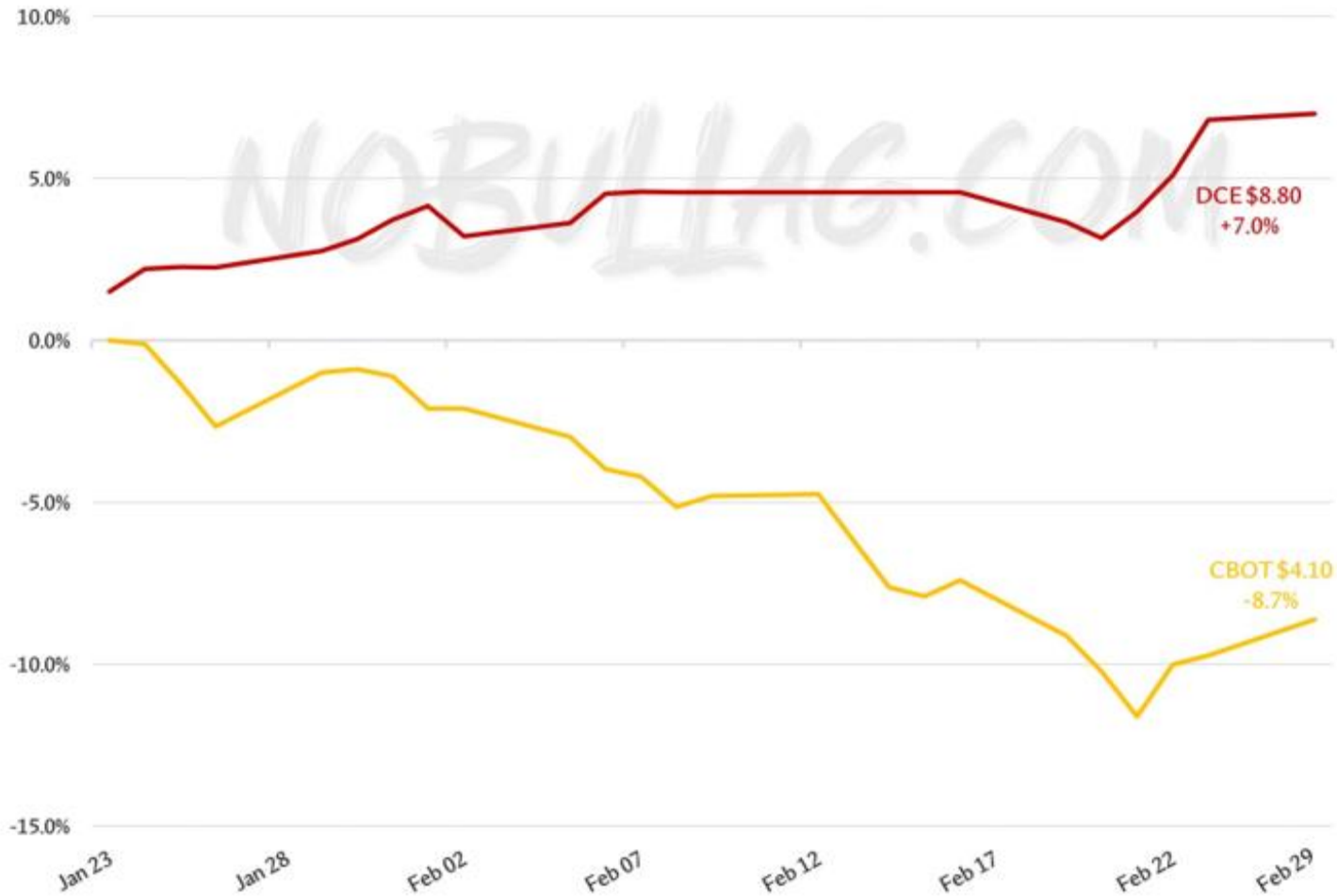


# Nearby Futures Performance

U.S. vs China | 5-Week Percentage Change

barchart

@SusanNOBULL







reshaping the face of markets

# ARBITRAGE OPPORTUNITIES USING FSOY @ BURSA

- WHAT IS FSOY ON BURSA!
- WHY IS FSOY USEFUL?
- WHY TRADE IT?
- WHEN TO TRADE IT? PRICE SPREADS!
- RISK CREATES OPPORTUNITIES
- DCE POL vs SBO
- DCE SBO vs BMD CPO
- SEASONALITY
- BOARD CRUSH, OILSHARE
- BIOENERGY SPREADS
- **Q&A**





reshaping the face of markets

BURSA  
MALAYSIA 

The background features a stylized palm tree silhouette composed of a blue wireframe mesh. A small globe is positioned to the left of the main title. The overall theme is financial and market-related, with a dark blue background and various data visualization elements like lines and bars.

# POC 2024

Palm & Lauric Oils  
Price Outlook Conference & Exhibition

4-6 March 2024

**LAUNCH DATE 18<sup>TH</sup> OF MARCH  
LET'S GET READY TO TRADE  
BURSA FSOY CONTRACT!**



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BURSA  
MALAYSIA 



# POC2024

Palm & Lauric Oils  
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**THANK YOU FOR YOUR TIME AND ATTENTION TODAY!  
ENJOY THE CONFERENCE**

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