

## USD RBD PALM OLEIN FUTURES (FPOL) CONTRACT

In addition to FCPO, Bursa Malaysia has launched U.S. dollar-denominated refined, bleached and deodorised (RBD) palm olein futures contract to promote a more inclusive trading community. The FPOL allows for transparent price discovery, regulated trading and an instrument for hedging, as palm oil refiners can now hedge against adverse palm oil price movements.

FPOL applies a free-on-board physical delivery mechanism at Port Klang and Pasir Gudang with no daily price limits. Being a refined palm product, FPOL specifically provides palm refiners and end users of palm olein with another hedging alternative.

### What Is Palm Olein?

- Palm olein is the liquid component of palm oil obtained when the oil is separated by a process called fractionation. Palm olein is commonly bottled and sold as cooking oils
- Unlike palm oil, palm olein remains completely liquid at room temperature. It is highly heat resistant and also resists the formation of breakdown products during frying and increases the shelf life of many products.
- The solid component obtained is called palm stearin. Palm stearin is commonly used to formulate trans-free fats such as margarine, shortening and vegetable ghee

### Process of RBD Palm Olein



Fresh Fruit Bunch (FFB)  
Enters the plant for processing



Crude Palm Oil (CPO)  
Refining Process



Palm Products

- **RBD Palm Olein**
- RBD Palm Stearin
- Palm Fatty Acid Distillate (PFAD)

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### Advantages of Trading FPOL

Manage RBD Palm Olein's price risk

Remove the exposure to USD/MYR currency movements

Manage palm refining margin

Exposure to RBD Palm Olein's price movements

Gain immediate exposure to commodity market

### Factors Driving The Market:

- Demand – Export & Local Consumption
- Supply – Inventories and production
- Prices of competing vegetable oils
- Import policies of importing countries
- Weather events or natural disasters
- Trade wars and geopolitical issues



#### DO YOU KNOW?

Palm olein has a 'cloud point' of approximately 10°C. So, whenever the temperature drops to 10°C, the palm olein molecules crystallise; making the oil appear cloudy.

### Contract Specification (Source: Bursa Malaysia website)

Product	USD RBD Palm Olein Futures
Product Symbol	FPOL
Underlying Instrument	RBD Palm Olein
Contract Size	25 MT (25,000 kg)
Price Quotation	US\$ per MT
Tick Size	US\$0.50 per MT
Trading Hours (Malaysian Time)	1 <sup>st</sup> Session: 0900– 1200 2 <sup>nd</sup> Session: 1330 - 1800

## Top Attributes of Palm Olein



Source: Malaysian Palm Oil Council

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