

Quick Start To CPO Futures



Kenanga

Kenanga Futures Sdn Bhd



5 Steps To Start Trading FCPO

Glossary:

CPO = Crude Palm Oil

FCPO = Crude Palm Oil Futures

MPOB = Malaysian Palm Oil Board

MPOC = Malaysia Palm Oil Council

TICK = Minimum Movement in Points

*Note: (to be boxed up at the side for readers to refer at the beginning)



STEP 1 Know the Trading Strategies for FCPO

(a) What is the basic “LONG” or “SHORT” strategy?

Example:

Bullish View

Note: For FCPO 1 tick = MYR 25



If you expect an upward FCPO price movement, the strategy is to **Buy First** and **Sell Later**.

Action:

Buy or “Long”
Buy 1 FCPO contract @ 2400 and
Sell or “Short”
1 FCPO contract @ 2450
= 50 ticks

Trade

Summary:

| Number of contracts | x | Number of ticks | x | Price per tick |
|-----------------------------------|----------|-----------------|----------|----------------|
| 1 | x | 50 | x | MYR 25 |
| = MYR 1,250 (gross profit) | | | | |

Action:

Sell or “Short”
1 FCPO contract @ 2500 and
Buy or “Long”
1 FCPO contract @ 2480
= 20 ticks

Trade

Summary:

| Number of contracts | x | Number of ticks | x | Price per tick |
|---------------------------------|----------|-----------------|----------|----------------|
| 1 | x | 20 | x | MYR 25 |
| = MYR 500 (gross profit) | | | | |

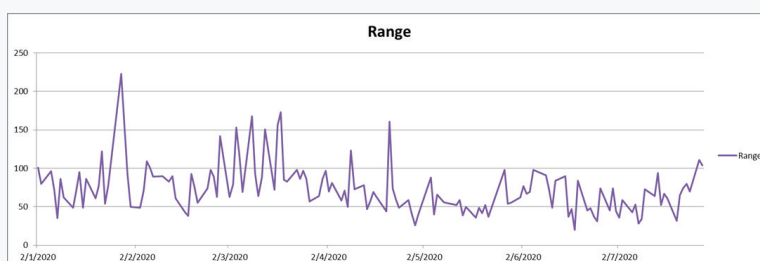


Bearish View

If you expect a downward FCPO price movement, the strategy is to **Sell First** and **Buy Later**.

(b) Trading Range

On average, the daily trading range for CPO since January – July 2020 is approximately between 50 to 70 points. Prior to trading, it is prudent to be kept abreast on the latest news and developments together with fundamental and technical analysis knowledge. Having a trading view and using technical analysis to identify past market patterns may help in your trading decisions.



Get latest technical and daily research reports from Kenanga Research at:

<https://bit.ly/36id9yl>

Once you are ready to trade, just access and trade FCPO via KDF TradeActive™

Source: Bloomberg

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STEP 2

Key CPO related events in major markets



Watch out for the comments and insights from edible oil speakers and market traders in these key global events listed below. Industry traders follow these events for overall industry and market outlook updates.



Palm and Lauric Oils Price Outlook Conference (POC)
Organiser: Bursa Malaysia



China International Oils and Oilseeds Conference (CIOC)
Organiser: Dalian Commodity Exchange



Globoil India
Organiser: Tefla's



Indonesian Palm Oil Conference and Price Outlook (IPOC)
Organiser: Gabungan Pengusaha Kelapa Sawit Indonesia (GAPKI)

In general, the importing and exporting countries are as follows:

| Top Importing Countries ¹ | ('mil tonnes) | Top Exporting Countries ² | ('mil tonnes) |
|--------------------------------------|---------------|--------------------------------------|---------------|
| India | 4.41 | Indonesia | 28.75 |
| China | 2.49 | Malaysia | 16.73 |
| Pakistan | 1.09 | Guatemala | 0.81 |
| Netherlands | 0.88 | Colombia | 0.78 |
| Turkey | 0.71 | Papua New Guinea | 0.57 |

Sources:
1 = Malaysian Palm Oil Board
(Figures from year 2019)
2 = Indexmundi
(Estimate for year 2020)

- **Efficient**
Has the highest yield per hectare planted among world's top edible oils.
 - **Versatile**
Widest applications for both edible and non-edible segments.
 - **Sustainable**
Demand for vegetable oil for biodiesel production.
 - **Healthy**
Has the highest nutritional benefits among vegetable oils.
- Source: Frost & Sullivan Research

To know more on factors affecting demand and supply, please refer to:

Product Factsheet: <https://bit.ly/32nG7ck>

MPOB: the government agency responsible for the promotion and development of the palm oil industry in Malaysia. Market traders refer to MPOB to update on the daily, weekly and monthly prices of CPO. For retail investors please refer: <https://bit.ly/3j8NIIX> for the latest updates on CPO price movements.

MPOC: the government agency set up to promote the market expansion of Malaysian palm oil and its products. Traders often look to MPOC for event updates. For retail investors please refer: <http://mpoc.org.my/market-highlights> or visit <https://www.facebook.com/MPOCHQ> for market updates.

STEP 3

Factors that support CPO price trends and long term prospects



STEP 4

Plan & Learn



Have a Trading Plan and identify the best entry and exit strategies



Understand the physical market and factors that can move prices



Know where to access and trade the FCPO contract through Kenanga Futures website where you can access Daily Research, Market Report and Educational links

For information on the features of FCPO, please visit this link:

<https://bit.ly/2QiSz7B>

Contact us to learn more on how you can trade FCPO with Kenanga Futures:



Telephone: +603 2172 3888



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Website: www.kenangafutures.com.my

STEP 5 Contact Us



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