

# RBD Palm Olein Futures

# RBD Palm Olein Options

In 2007, Dalian Commodity Exchange launched RBD Palm Olein Futures which was then opened up to overseas investors in December 2020. RBD Palm Olein Options were launched and opened up in 2021. Since listing, DCE RBD palm olein futures and options have maintained stable operation and high liquidity, proved to be the most liquid palm olein derivatives and served as crucial tools for risk mitigation and hedging of related industrial enterprises. Currently, over 70% of palm olein cash trades in China are using DCE RBD palm olein futures prices as the pricing reference.

## Supply and Demand

Globally, Indonesia and Malaysia are two main producers of palm oil, which together accounted for around 90% of the global output, while Indonesia alone occupied for around 60%.

In terms of global import, India maintained as the largest importer of palm oil, while China remained in the second place which accounted for 15% of

global import. China's consumption of palm oil was mainly satisfied by import and China imported RBD palm olein instead of crude palm oil.

In terms of trading volume, palm oil proved to be the most traded vegetable oil worldwide. In China, however, palm oil is the second most consumed vegetable oil which ranked second only to soybean oil.

## Main Applications



Palm oil includes crude palm oil and refined palm olein. Crude palm oil, the primary product of the palm oil industry, can be obtained through the pressing process on the palm fruits (fresh fruit bunches).

The oil winning process, in summary, involves the reception of fresh fruit bunches from the plantations, sterilizing and threshing of the bunches to free the palm fruit, mashing the fruit and pressing out the crude palm oil. The crude palm oil is further

treated to purify and dry for storage and export.

The pressing process is generally conducted within borders of main producers including Indonesia and Malaysia, certain proportions of crude palm oil would then be exported directly.

Conversion of crude palm oil to refined oil involves removal of the products of hydrolysis and oxidation, color and flavor. After refining, the oil may be separated (fractionated) into liquid and solid phases by thermo-mechanical means (controlled cooling, crystallization, and filtering). Based on market demands, there are various types of refined palm oil which can be distinguished through different melting points including 24°, 33°, etc.

Palm oil has been used extensively within food and chemical industries, including edible oil, soapmaking, plastic manufacturing, etc.

## Key Price Influence Factors

### Supply

Indonesia and Malaysia are two main producers of palm oil, while the output of palm oil is clearly under the influence of seasonality. Generally, September, October and November are proved to be fertile while on the contrary, January, February and March tend to be relatively barren. The seasonality issue of output would therefore result in the seasonality of inventory. The climate change of Southeast Asia would affect the output of the palm oil, and the production would hence descend in case of atrocious weather especially El Nino or La Nina, etc.

### Consumption

Population is one of the most vital factors affecting the demand of palm oil, besides, the income level trends seem to have decisive impacts on the consumption of palm oil. The increase of per capita income level would give rise to the increase of per capita oil consumption.

### Substitute

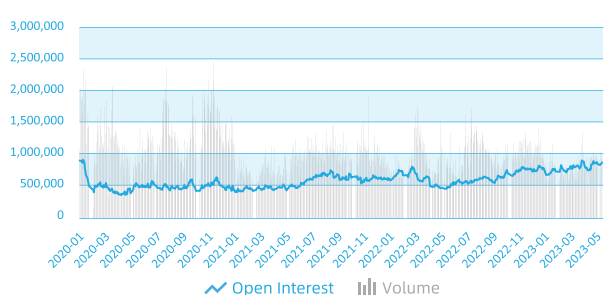
Historically, the prices of palm oil and soybean oil share close relationships, the long-term correlation between two prices managed to maintain at around 0.8, while the long-term correlation between palm oil and rapeseed oil was relatively low, which maintained at around 0.6.

## Trading Statistics

Settlement Price of DCE RBD Palm Olein Futures Dominant Contracts (CNY/MT)



Volume and Open Interest of DCE RBD Palm Olein Futures (in lots)



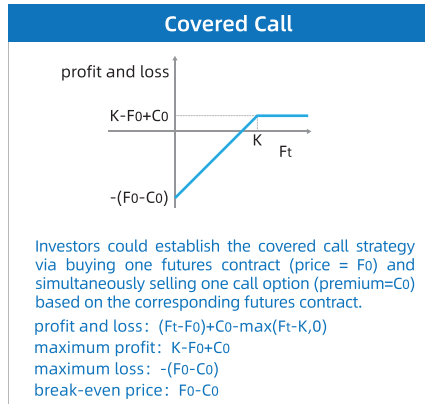
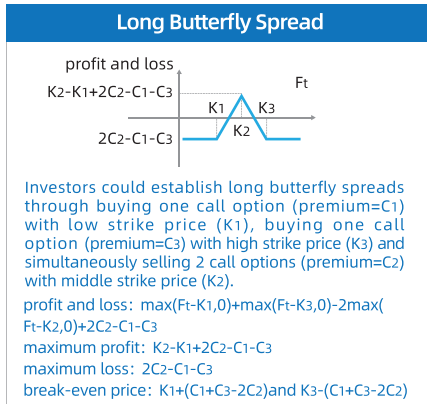
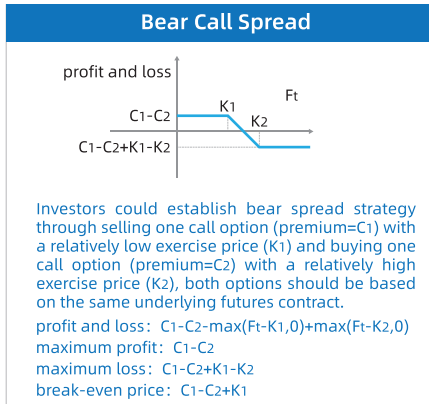
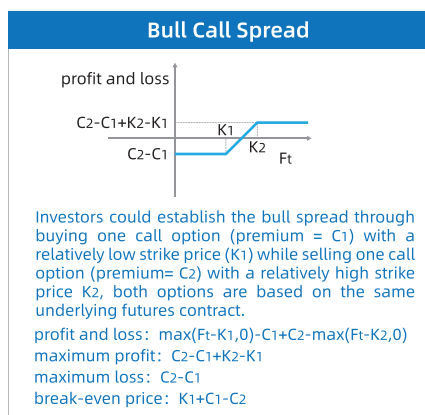
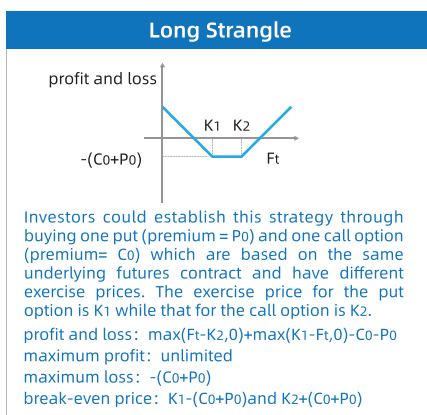
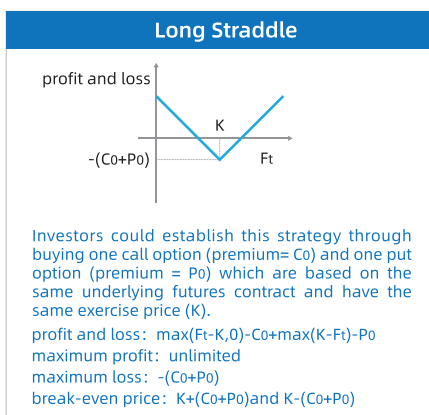
## Contract Specifications

RBD Palm Olein Futures	
Product	RBD Palm Olein
Trading Unit	10 MT/Lot
Price Quote Unit	CNY/MT
Minimum Tick Size	2 CNY/MT
Daily Price Limit Range	4% of last settlement price
Contract Months	Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec
Trading Hours	9:00 - 11:30 a.m., 1:30 - 3:00 p.m., Beijing Time, and other trading hours announced by DCE
Last Trading Day	The 10th trading day of the contract month
Last Delivery Day	The 3rd trading day after the last trading day
Deliverable Grades	RBD Palm Olein Delivery Quality Standard of DCE (F/DCE P002-2011)
Delivery Point	The delivery warehouses of RBD Palm Olein designated by DCE
Minimum Trading Margin	5% of the contract value
Delivery Form	Physical delivery
Ticker Symbol	P

RBD Palm Olein Options	
Underlying Instrument	RBD palm olein futures contract
Contract Type	Call option, put option
Trading Unit	One lot (10 MT) of RBD palm olein futures contract
Price Quote Unit	CNY/MT
Minimum Tick Size	0.5 CNY/MT
Daily Price Limit Range	The same as the daily price limit range of underlying futures contract
Contract Months	January, February, March, April, May, June, July, August, September, October, November, December
Trading Hours	9:00 - 11:30 a.m., 1:30 - 3:00 p.m., Beijing Time, and other trading hours announced by DCE
Last Trading Day	The 12th trading day of the month immediately preceding the delivery month of the underlying futures contract, DCE may adjust the last trading day according to national holidays
Expiration Day	The same as the last trading day
Exercise Price	The exercise price shall be in the range of the settlement price of the underlying futures on the last trading day $\pm$ (1.5 $\times$ daily price limit range of the same day); The option contracts corresponding to the immediate six calendar months: If exercise price $\leq$ 5,000 CNY/MT, exercise price interval = 50 CNY/MT; If 5,000 CNY/MT < exercise price $\leq$ 10,000 CNY/MT, exercise price interval = 100 CNY/MT; If exercise price > 10,000 CNY/MT, exercise price interval = 200 CNY/MT. The option contracts corresponding to the seventh and subsequent calendar months: If exercise price $\leq$ 5,000 CNY/MT, exercise price interval = 100 CNY/MT; If 5,000 CNY/MT < exercise price $\leq$ 10,000 CNY/MT, exercise price interval = 200 CNY/MT; If exercise price > 10,000 CNY/MT, exercise price interval = 400 CNY/MT.
Exercise Style	American style. The options buyer can apply to exercise the options in the trading hours of any trading day prior to the expiration date, and before 3:30 pm on the expiration date.
Contract Symbol	Call option: P-Contract Month-C-Exercise Price Put option: P-Contract Month-P-Exercise Price
Listed Exchange	DCE

## Establishing Flexible Trading Strategies Through Futures and Options

Investors could establish flexible trading strategies through combining various futures and options contracts, which would better help with price risk mitigation. Meanwhile, DCE portfolio margin system already supported multiple trading strategies including straddles, strangles, spreads, etc.



For more information, please visit our official website [www.dce.com.cn](http://www.dce.com.cn)