

Speech at POC 2017

Dr. Wang Fenghai, CEO of Dalian Commodity Exchange

The esteemed Datuk Seri Mah Siew Keong, Minister of Plantation Industries and Commodities, the esteemed Datuk Seri Tajuddin, Chairman of BMD, ladies and gentlemen, Good Morning! It's a great pleasure to attend this conference. Thanks to Bursa Malaysia Derivatives for this opportunity!

Malaysia and China are close neighbors. Over recent years, the economic relationship between the two countries has been deepening, especially after China's "One Belt and One Road" strategy. China has been the most important trade partner for Malaysia for the past eight years. It is also the second largest importer of Malaysia's palm oil.

The close economic relationship between the two countries has propelled both sides to jointly develop the futures markets. Since ten years ago, DCE and Bursa Malaysia Derivatives have cooperated closely with each other. We jointly held the International Oils and Oilseeds Conference in China for eleven years. The conference, echoing today's POC, has attracted many companies from China, Malaysia, and other countries, promoting the development of the bilateral futures markets.

China's commodity futures market is still young, but it is the most dynamic market in the world with rapid development. The market size is expanding, and the product structure is improving. Average annual growth rate of trading volume is over 30% in the past decade. Last year, the trading volume of China's commodity futures exceeded 4.1 billion contracts, and this was over half of the global commodity futures trading

volume. DCE is one of the three commodity futures exchanges in China. It has launched sixteen futures products in six categories, including food, oils and oil seeds, wood, livestock, chemicals, energy and minerals. Last year, DCE's trading volume totaled 1.5 billion contracts, with 38% increase over the previous year.

The oils and oil seeds contracts of DCE is one of the most mature commodity futures in China. Half of the open interest comes from institutional clients. This is almost the same level as mature overseas markets. Last year, companies with foreign backgrounds, including ABCD, held more than 17% of the total open interest in soybean oil, soybean meal and palm oil. About 90% of all medium or large oils and oil seeds companies and palm oil importers in China traded DCE futures.

China is deepening its reform and opening-up. The Chinese government and regulators will attach more importance to the commodity futures and options markets. China's commodity futures market is also opening up to the world. DCE has been speeding up its efforts to build a diversified and open derivatives exchange. We will focus on the launch of options, the opening up of iron ore futures, and the development of the OTC market. We have obtained approval from regulators for the launch of soybean meal options in this year. In the meantime, DCE is seeking to attract more overseas investors in its iron ore and palm oil futures market. We hope that our overseas counterparts and investors will closely follow and offer supports to the commodity futures markets in China.

Last but not least, I wish the conference a complete success! Thank you!