

**(FACTORS THAT EFFECT PERFORMANCE OF  
FUTURES CPO IN MALAYSIA)**

**(MOHD HAIKAL BIN ABDULL RAFFOR)**

**Submitted in Partial Fulfillment  
Of the Requirement for the  
Bachelor of Business Administration  
(Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT  
UITM, JOHOR**

**(OCTOBER 2007)**

## LETTER OF SUBMISSION

23 OCTOBER 2007

The Programme Coordinator  
Bachelor of Business Administration (Hons) Finance  
Faculty of Business Management  
Universiti Teknologi MARA  
85009 Segamat  
Johor.

Dear Sir,

### SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "**FACTORS THAT EFFECT PERFORMANCE OF FUTURES CPO IN MALAYSIA**" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA

Thank you

Yours sincerely



---

MOHD HAIKAL BIN ABDULL RAFFOR  
2005383444  
Bachelor of Business Administration (Hons) Finance



"DECLARATION OF ORIGINAL WORK"

**BACHELOR OF BUSINESS ADMINISTRATION  
(HONS) FINANCE  
FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
JOHOR**

I, Mohd Haikal B. Abdull Raffor, (I/C Number: 840426-14-6157)

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature:                     *Haikal*                    

Date:           24 OKT 2007

## **ACKNOWLEDGEMENT**

All praises to the Almighty Allah, for giving me the strength, patience and guidance throughout the process of completing this research study. I am grateful to have the support and motivation from many people throughout completing this study and I would love to take this opportunity to thank those who are either directly or indirectly involved during the process this study is conducted.

Most immediately, my special gratitude goes to my respective advisor, Miss Mardziyana Mohamad Malom for her never ending guidance and recommendations in every stage of this study. Their advices absolutely facilitate me a lot in carrying out this study. I also would love to thank the all staffs of Bank Negara Malaysia, Bursa Malaysia Berhad, and the Malaysian Palm Oil Board for their cooperation and help throughout the entire duration of the study.

My token of appreciation also goes to my beloved family members who never failed to be there for their love, support and prayers. Last but not least, I would like to take this opportunity to thank all my friends, especially my classmates for their never ending supports. May Allah bless all of us.

Thank you very much.

MOHD HAIKAL BIN ABDULL RAFFOR

## **ABSTRACT**

This paper is done in order to ascertain the effects of the determinants for the performance of the Crude Palm Oil (CPO) namely the price, demand and supply of CPO and the annual interest rates set by the Bank Negara Malaysia against the performance of the Crude Palm Oil Futures (FCPO) traded on the Bursa Malaysia Derivatives Berhad's Futures Exchange.

The observation of this research is 11 years which the data collected from 1996 to 2006 annually from Data Stream and internet sources. The methodology for the research used is the Pearson Correlation and Multiple Regression Analysis.

The results indicate that there is a significant relationship between the performances of the FCPO with all independent variables namely the price of CPO, supply of CPO, demand of CPO and the interest rates. Besides that, from the view of independent variables individually, all of the independent mentioned above has insignificant relationship with performance of FCPO. From the results of the study, some feasible recommendations are provided for the review of interested parties in order to enhance the predictive power of the movements of the FCPO prices traded on the Bursa Malaysia Derivatives Berhad's Futures Exchange.