



Four Habits of Successful Commodity Price Risk Managers

Companies that stand the test of time are the ones that remain profitable and return value to shareholders, regardless of the market cycles. Companies that struggle are those that engage in “market timing” and lose focus, in particular when it applies to managing commodity price risk. To be successful:

- 1 PLAN**
Focus on your company’s needs, budget margin goals and risk tolerance to create a diversified hedging strategy.

- 2 DIVERSIFY**
Don’t put all your eggs in one basket. Instead, utilize futures and options from the Exchange, as well as tailored structured products and swaps. Even leave a portion of your portfolio unpriced.

- 3 ADVOCATE & EDUCATE**
Review internal company policies to ensure pricing decisions and positions are in alignment. Advocate and educate within the organization to ensure you have the tools you need to be effective.

- 4 CHOOSE WELL**
Choose your counterparty carefully. The best partners look to understand your business, challenge your thought process and offer solutions which align to your company objectives.


Disclaimer: These materials have been prepared by personnel in the Sales and Trading Departments of Cargill Risk Management, a business unit of Cargill, Incorporated based on publicly available sources, and is not the product of any Research Department. These materials are not research reports and are not intended as such. These materials are for the general information of our customers and are a "solicitation" only as that term is used within CFTC Rules 1.71 and 23.605, as promulgated under the U.S. Commodity Exchange Act. These materials are provided for informational purposes only and are not otherwise intended as an offer to sell, or the solicitation of an offer to purchase, any swap, security or other financial instrument.

To view our full disclaimer, click [here](#).