



Australian Government

AHCAGB606 Manage price risk through trading strategy

Release: 1

AHCAGB606 Manage price risk through trading strategy

Modification History

Release	TP Version	Comment
1	AHCv1.0	Initial release

Application

This unit of competency describes the skills and knowledge required to manage price risk by developing a trading strategy.

All work must be carried out to comply with workplace procedures, work health and safety legislation and codes.

This unit applies to individuals who take personal responsibility and exercise autonomy in undertaking complex work. They must analyse information and exercise judgement to complete a range of advanced skilled activities. They work in contexts that are subject to change and adapt a range of fundamental principles accordingly.

No occupational licensing, legislative or certification requirements are known to apply to this unit at the time of publication.

Pre-requisite Unit

Nil.

Unit Sector

Agribusiness (AGB)

Elements and Performance Criteria

Element	Performance criteria
Elements describe the essential outcomes.	Performance criteria describe the performance needed to demonstrate achievement of the element.
1. Conduct market research	1.1 Collate and evaluate estimates of supply and demand 1.2 Analyse past trends and assess possible future scenarios 1.3 Relate own products to market indicators
2. Determine price required	2.1 Calculate cost of production and determine break-even price 2.2 Calculate overhead costs to be allocated against the enterprise

Element	Performance criteria
	2.3 Determine margins for profit and risk 2.4 Set forward price objectives to meet cost of production, contribution to overheads and profit required 2.5 Evaluate personal attitude to risk
3. Develop sales plan	3.1 Evaluate cash markets and assess projected price trends 3.2 Obtain and assess forward contract information 3.3 Obtain and assess futures prices 3.4 Evaluate selling options against price objectives and the assessment of price movement risk 3.5 Assess taxation and cash flow implications 3.6 Develop appropriate mix of sale options in a trading strategy 3.7 Develop contingency plans to address possible shifts in price trend
4. Implement trading strategy	4.1 Seek appropriate expertise as required 4.2 Monitor market information and adjust trading strategy according to contingency plans

Foundation Skills

Foundation Skills essential to performance are explicit in the performance criteria of this unit of competency.

Range of Conditions

Unit Mapping Information

This unit is equivalent to AHCAGB606A Manage price risk through trading strategy.

Links

Companion Volume implementation guides are found in VETNet -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=c6399549-9c62-4a5e-bf1a-524b2322cf72>

Assessment Requirements for AHCAGB606 Manage price risk through trading strategy

Modification History

Release	TP Version	Comment
1	AHCv1.0	Initial release

Performance Evidence

The candidate must be assessed on their ability to integrate and apply the performance requirements of this unit in a workplace setting. Performance must be demonstrated consistently over time and in a suitable range of contexts.

The candidate must provide evidence that they can:

- determine cost of production
- allocate overhead costs against enterprises
- assess risk to financial returns through market or currency movements
- analyse trends and evaluating forecasts
- monitor and assess price movements
- implement a trading strategy for price risk management.

Knowledge Evidence

The candidate must demonstrate knowledge of:

- supply, demand and price relationships
- price trends and sources of market information/forecasts
- cost of production
- overhead costs
- risk assessment and attitudes to risk
- selling options for the relevant commodity
- operation of futures markets, forward selling arrangements, put options
- foreign exchange rates
- contract law
- cash flow and taxation planning
- contingency planning.

Assessment Conditions

Competency is to be assessed in the workplace or simulated environment that accurately reflects performance in a real workplace setting.

Assessors must satisfy current standards for RTOs.

Links

Companion Volume implementation guides are found in VETNet -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=c6399549-9c62-4a5e-bf1a-524b2322cf72>