



Australian Government

AHCAGB612 Manage price risk through trading strategy

Release: 1

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Modification History

Release	Comments
Release 1	This version released with AHC Agriculture, Horticulture, Conservation and Land Management Training Package Version 4.0.

Application

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

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.

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

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

Pre-requisite Unit

Nil

Unit Sector

Agribusiness (AGB)

Elements and Performance Criteria

Elements	Performance Criteria
<i>Elements describe the essential outcomes.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>
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

Elements	Performance Criteria
<i>Elements describe the essential outcomes.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>
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 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 advice from experts as required 4.2 Monitor market information and adjust trading strategy according to contingency plans

Foundation Skills

This section describes those language, literacy, numeracy and employment skills that are essential for performance in this unit of competency but are not explicit in the performance criteria.

Skill	Description
Get the work done	Check that trading strategies comply with legislative frameworks

Unit Mapping Information

Code and title current version	Code and title previous version	Comments	Equivalence status
AHCAGB612 Manage price risk through trading strategy	AHCAGB606 Manage price risk through trading strategy	Performance criteria clarified Foundation skills added Assessment requirements updated	Equivalent unit

Links

Companion Volumes, including Implementation Guides, are available at VETNet: -
<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=c6399549-9c62-4a5e-bf1a-524b2322cf72>

Assessment Requirements for AHCAGB612 Manage price risk through trading strategy

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Performance Evidence

An individual demonstrating competency must satisfy all of the elements and performance criteria in this unit. There must be evidence that the individual has managed price risk for one business, including:

- determined the cost of production
- allocated overhead costs against enterprises within the business
- assessed risk to financial returns through market or currency movements
- analysed trends and evaluated forecasts
- monitored and assessed price movements
- implemented a trading strategy for price risk management.

Knowledge Evidence

An individual must be able to demonstrate the knowledge required to perform the tasks outlined in the elements and performance criteria of this unit. This includes knowledge of:

- supply, demand and price relationships
- price trends and sources of market information/forecasts
- cost of production
- overhead costs for the business
- financial risk assessment and attitudes to taking financial risk
- selling options for the relevant commodity or product
- operation of futures markets, forward selling arrangements, put options
- foreign exchange rates in relation to trade
- contract law as it applies to trade
- legislation, regulations and guidelines for taxation and trading on the share market
- cash flow and taxation planning for the business
- contingency planning as it applies to price and trade.

Assessment Conditions

Assessment of skills must take place under the following conditions:

- physical conditions:
 - skills must be demonstrated in a workplace setting or an environment that accurately represents workplace conditions
- resources, equipment and materials:
 - financial records for a business
- specifications:
 - access to legislation and regulations relevant to trade.

Assessors of this unit must satisfy the requirements for assessors in applicable vocational education and training legislation, frameworks and/or standards.

Links

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