



# Global Risk Management

Hedging - Our dialog with clients

*We cover your risk*

*Dubai 4th of October 2017*



## Who am I?

- Morten Elgkjaer, Oil Risk Manager
- Financial and risk advisor for shipping and aviation clients based in Europe, Middle East and Africa
- 10 years within FX and fuel hedging





# Hedging - Our dialog with clients

## 💧 About Global Risk Management

## 💧 Decision matrix

- Fuel Hedging Policy
- Products & Risk tolerance
- Forecast & forward curve

## 💧 Hedging in practice – Our dialog with clients

- Market
- Forward Curve
- Forecast



# A/S Global Risk Management Ltd.



## External customer segments:

- Aviation
- Shipping
- Oil industry
- Manufacturing industry
- Land transport companies

## Representation:

- Denmark, Singapore

## Experienced:

- 15 years experience in eliminating fuel price exposure for the group and 3rd parties
- Background in transport, finance and energy sector.

## Independent:

- Part of a large shipping group & marine fuel trading house ([www.ustc.dk](http://www.ustc.dk))



## Fuel Hedging Policy

### ◆ Policy

- Description of hedging policies, procedures and practices

### ◆ Timing

- 1-2 times a year, quarter, month, week, every Tuesday

### ◆ Instrument

- Swap, options, options strategies – short net position

### ◆ Volume and tenor

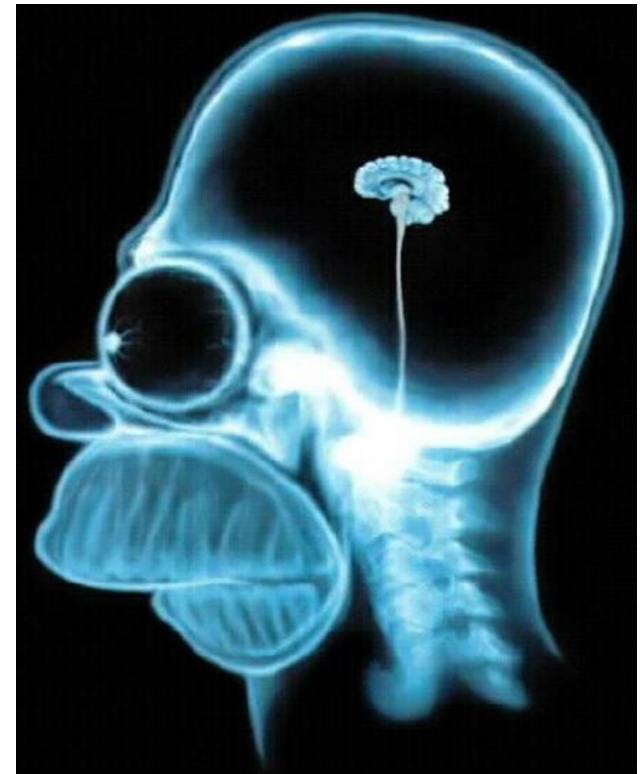
- Hedging in lumps or according to booking curve

### ◆ Product

- Index to hedging

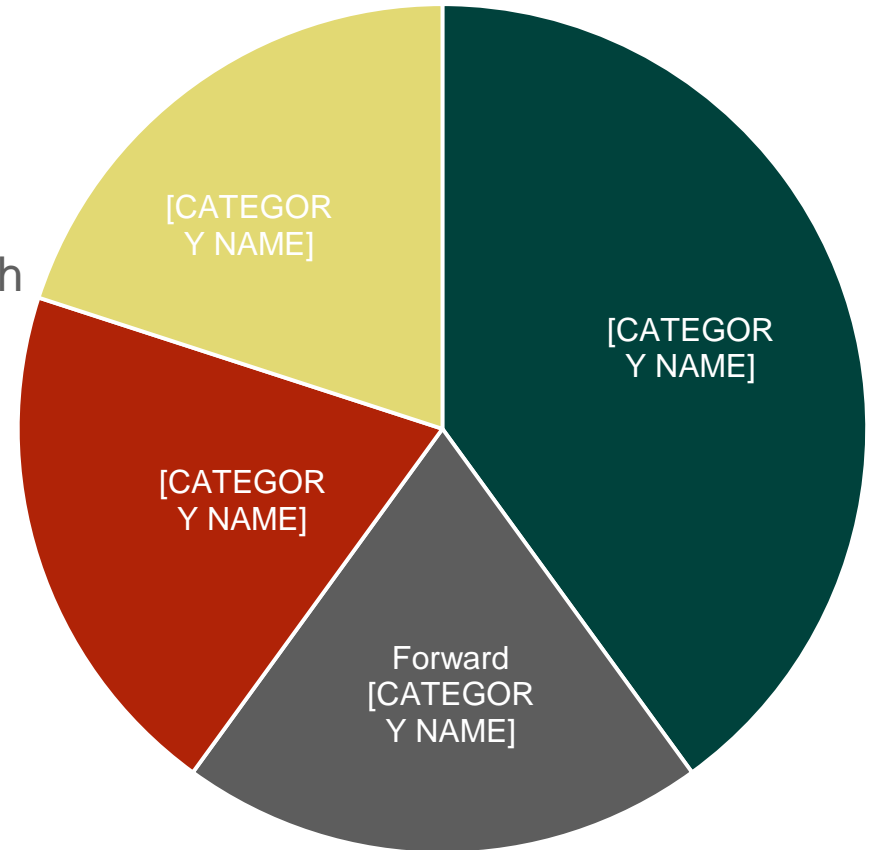
### ◆ Terms - CSA

### ◆ Risk Appetite



## Decision matrix changes ....

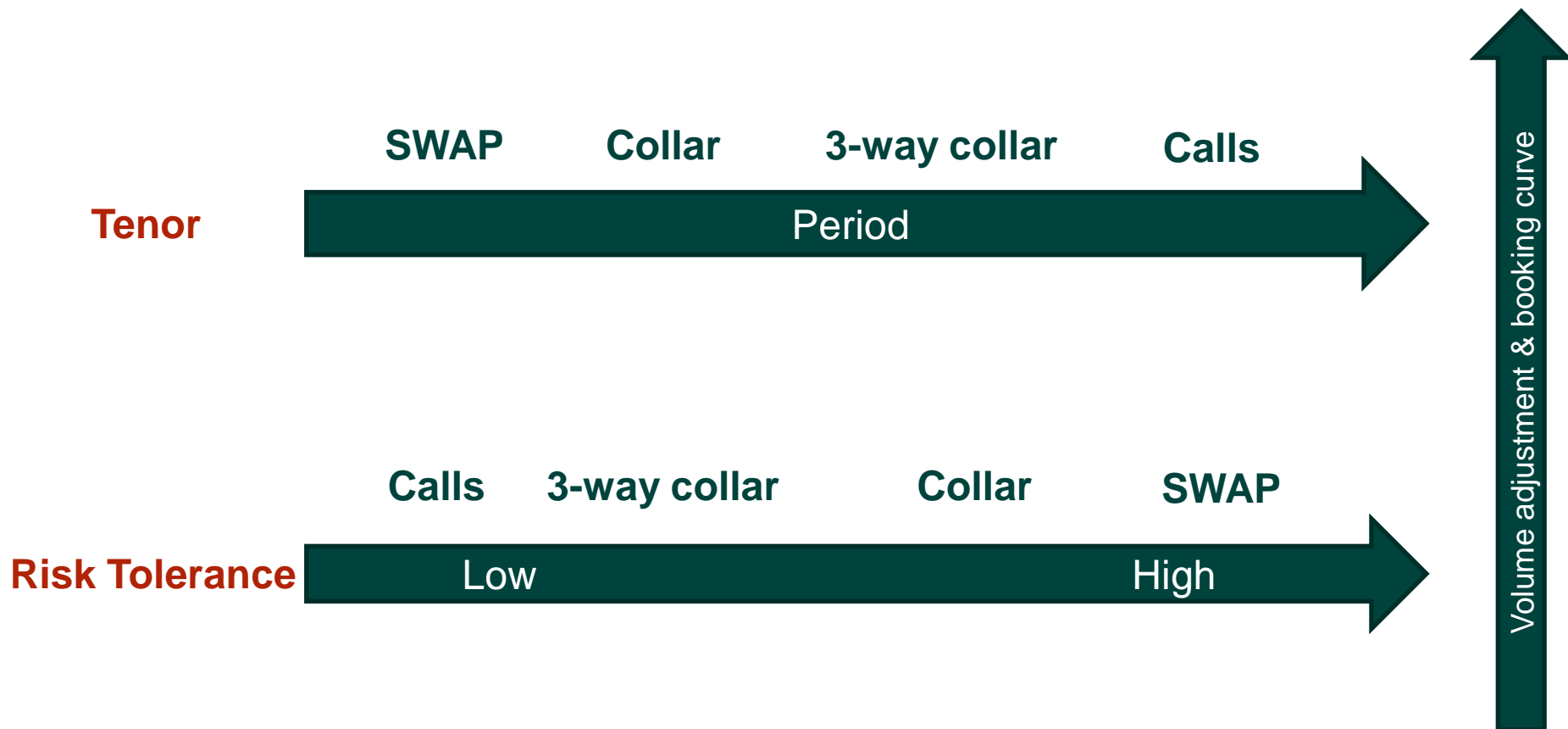
- 💧 Different from company to company
- 💧 Person to person
- 💧 How much do the different criteria weigh in relation to timing, tenor and volume



■ Hedging policy ■ Curve ■ Forecast ■ Own expectations

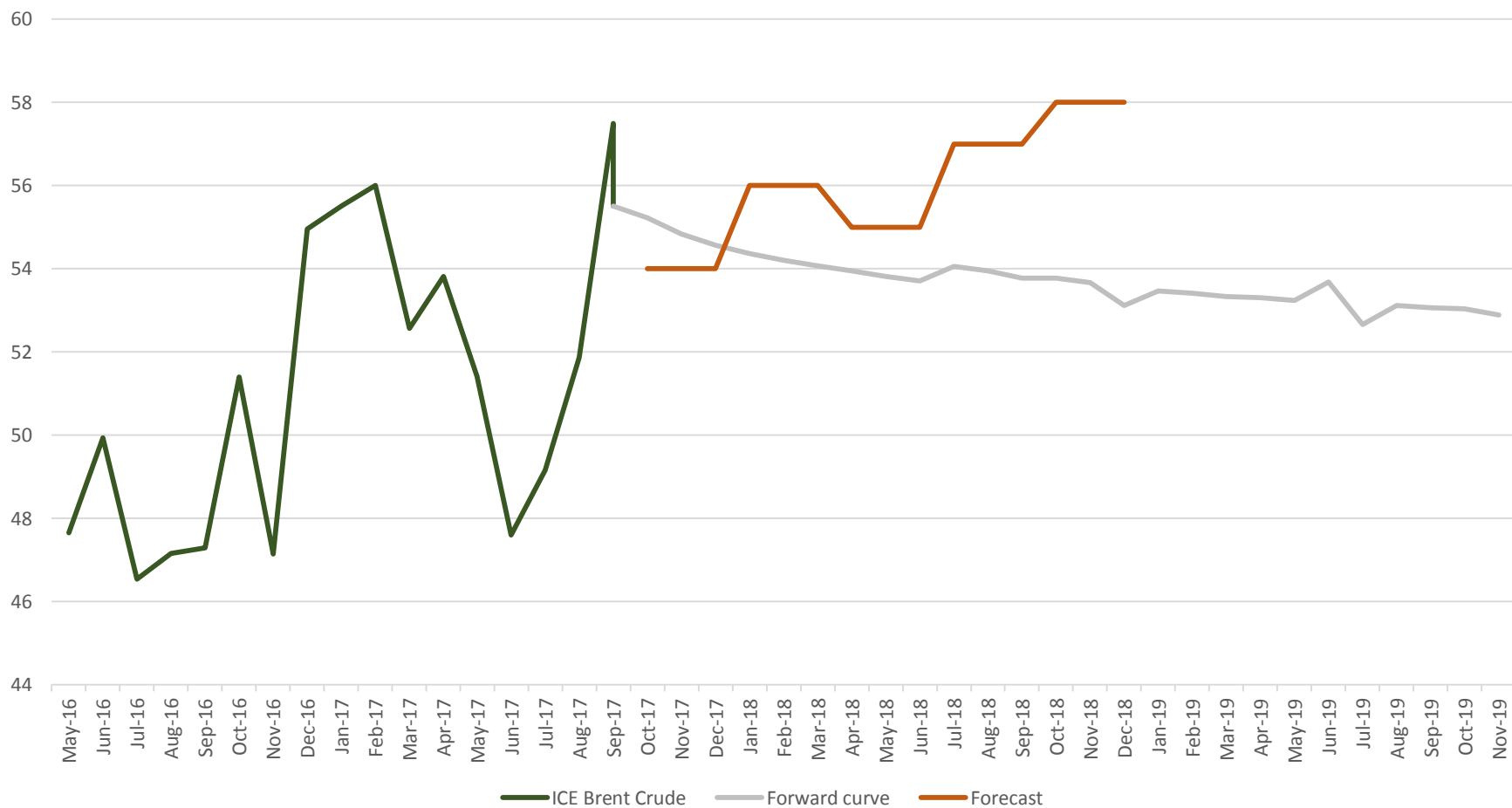


## Product Matrix vs Risk Tolerance



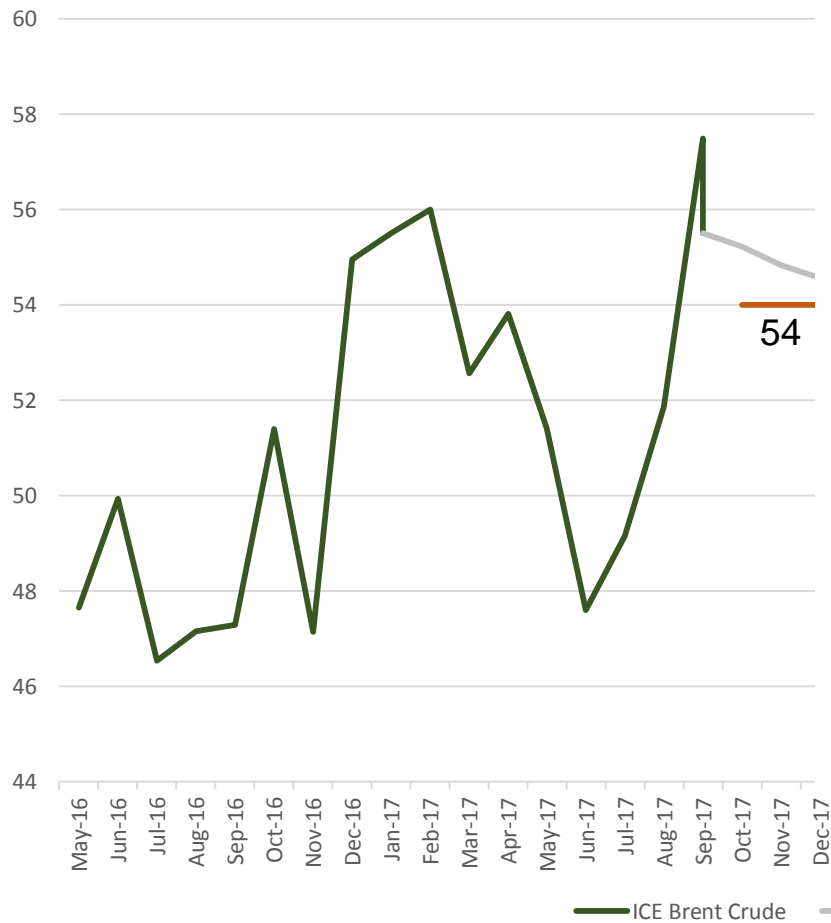





## Forecast and forward curve



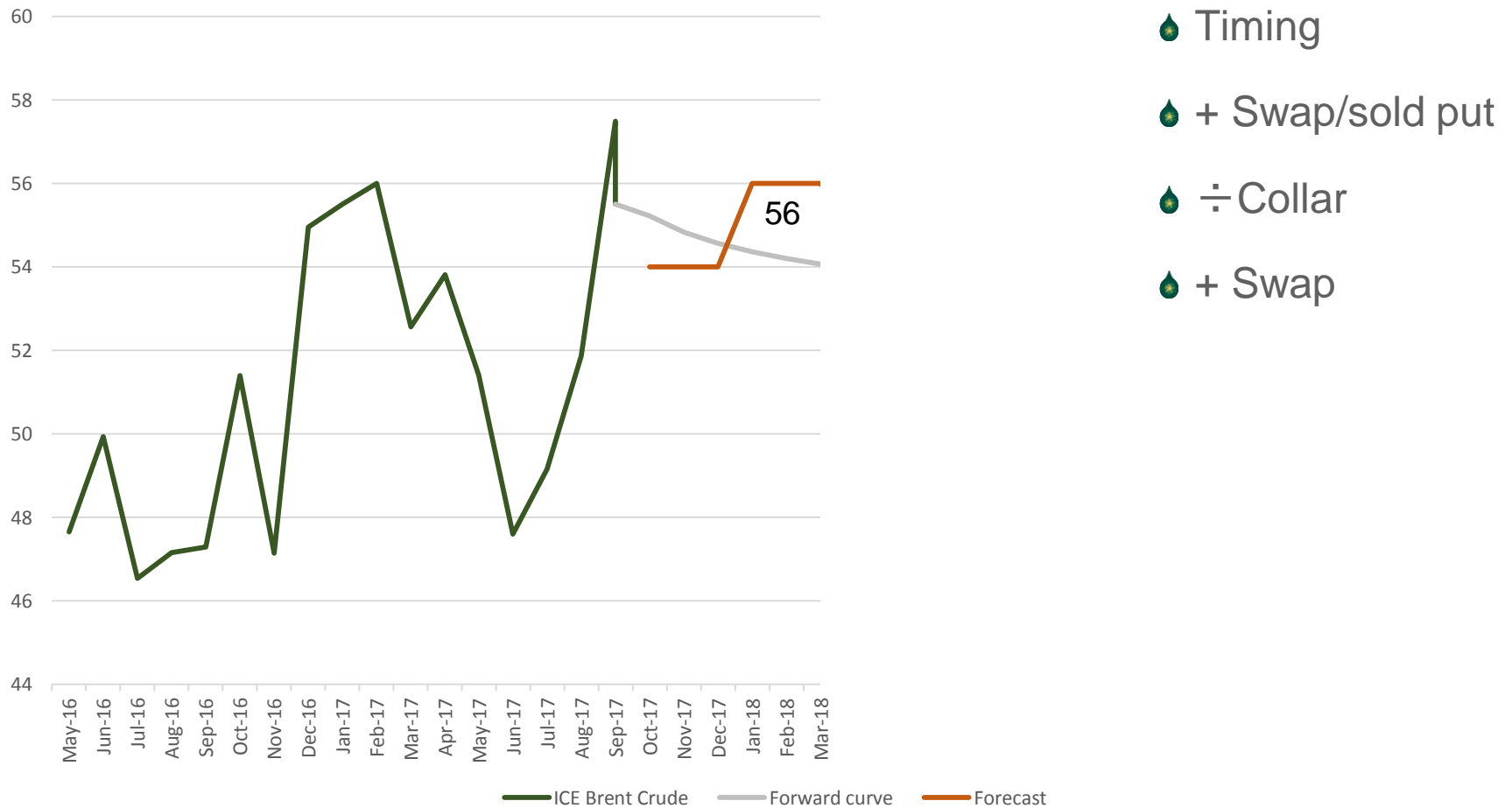


## Q417- Forecast and forward curve

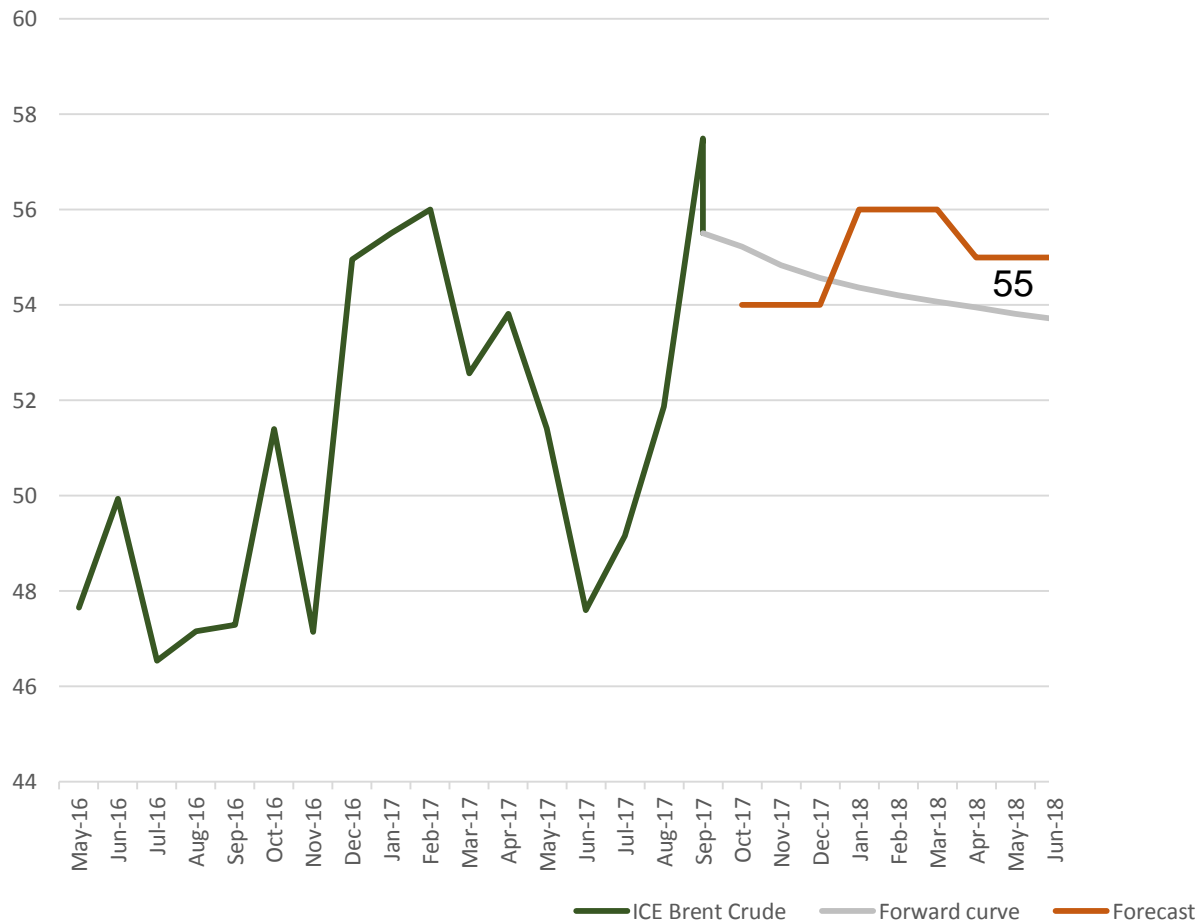


-  Timing
-  High volatility
-  + Swap/sold put

## Q117 - Forecast and forward curve

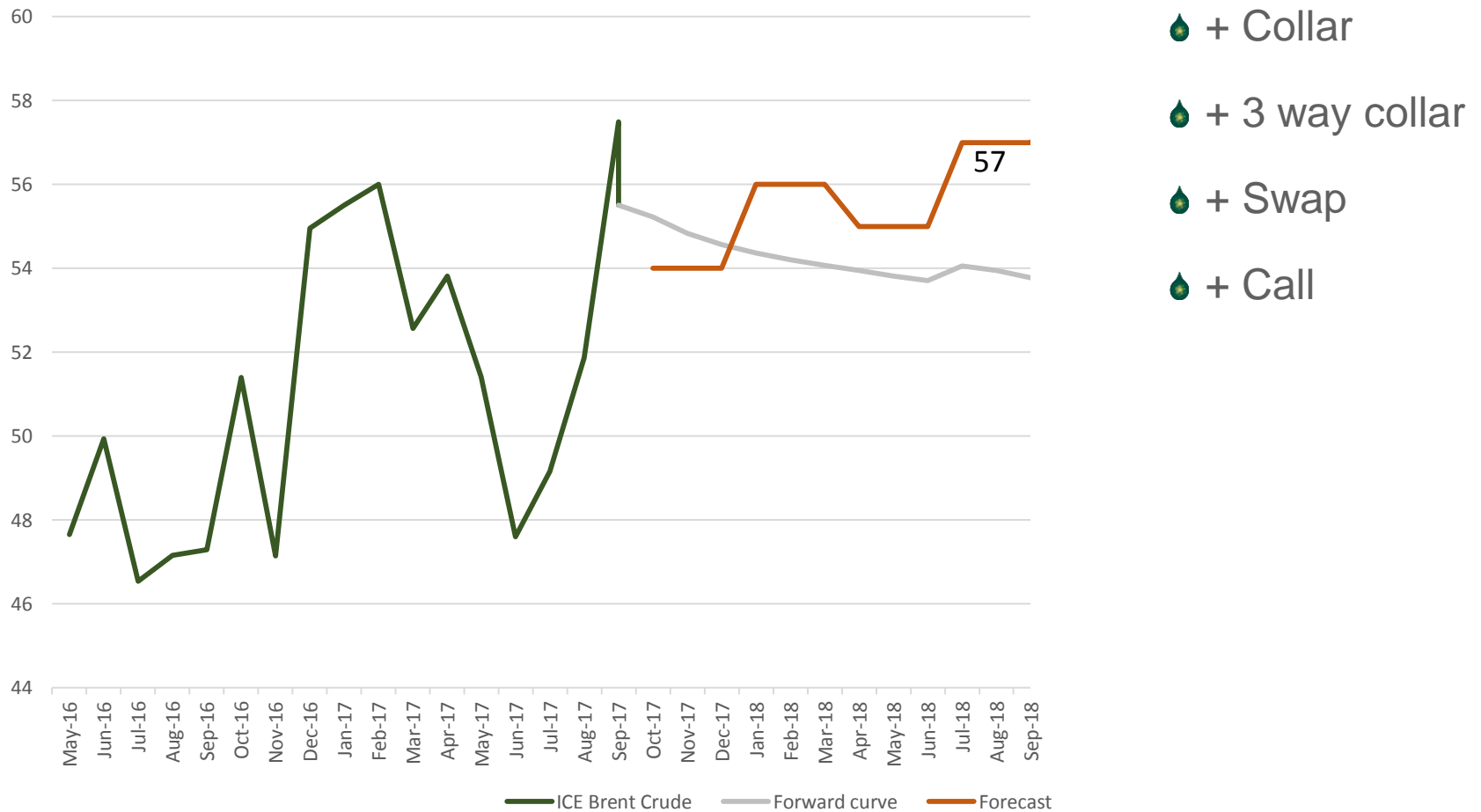


## Q217 - Forecast and forward curve

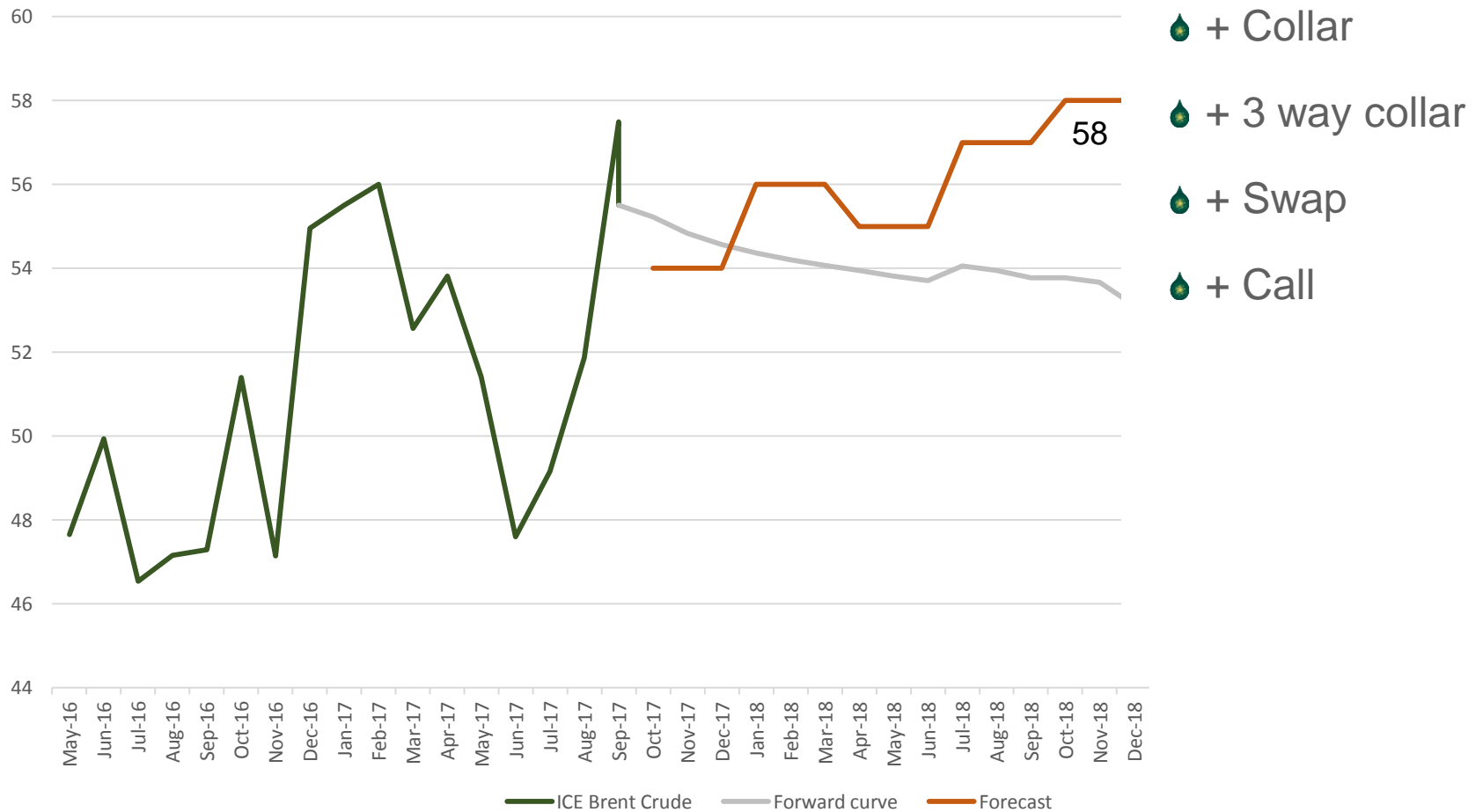


- 🔹 Post OPEC deal
- 🔹 ÷ Swap/sold put
- 🔹 + Collar (premium)
- 🔹 + Swap
- 🔹 + 3 Way Collar

## Q317 - Forecast and forward curve



## Q417 - Forecast and forward curve





Global  
Risk Management

## Further information:

[www.global-riskmanagement.com](http://www.global-riskmanagement.com)

Global Risk Management

DK-2900 Copenhagen

Denmark

Tel.: (+45) 88 38 00 00

E-mail: [mla@global-riskmanagement.com](mailto:mla@global-riskmanagement.com)

