

Paradigm Shift Required

To be successful in hedging you may need to change how you think.

What is Paradigm Shift

Merriam – Webster Dictionary:

an important change that happens when the usual way of thinking about or doing something is replaced by a new and different way

Cambridge Dictionary:

a time when the usual and accepted way of doing or thinking about something changes completely

Hedge vs Speculation

A **hedge** is an investment position intended to offset potential losses or gains that may be incurred by a companion investment.

Speculation is the purchase of an asset (a commodity, goods, or real estate) with the hope that it will become more valuable at a future date.

I Think Manny Farmers Speculate

Questions / statements like:

Is this a good price?

Should I take a contract?

I “lost” a pile of money in 2014, I am not doing that again!

Haven’t looked at it in a while, but I will in a few weeks.

Since I took the contract I have not been able to sleep.

The biggest challenge

Managing your emotions

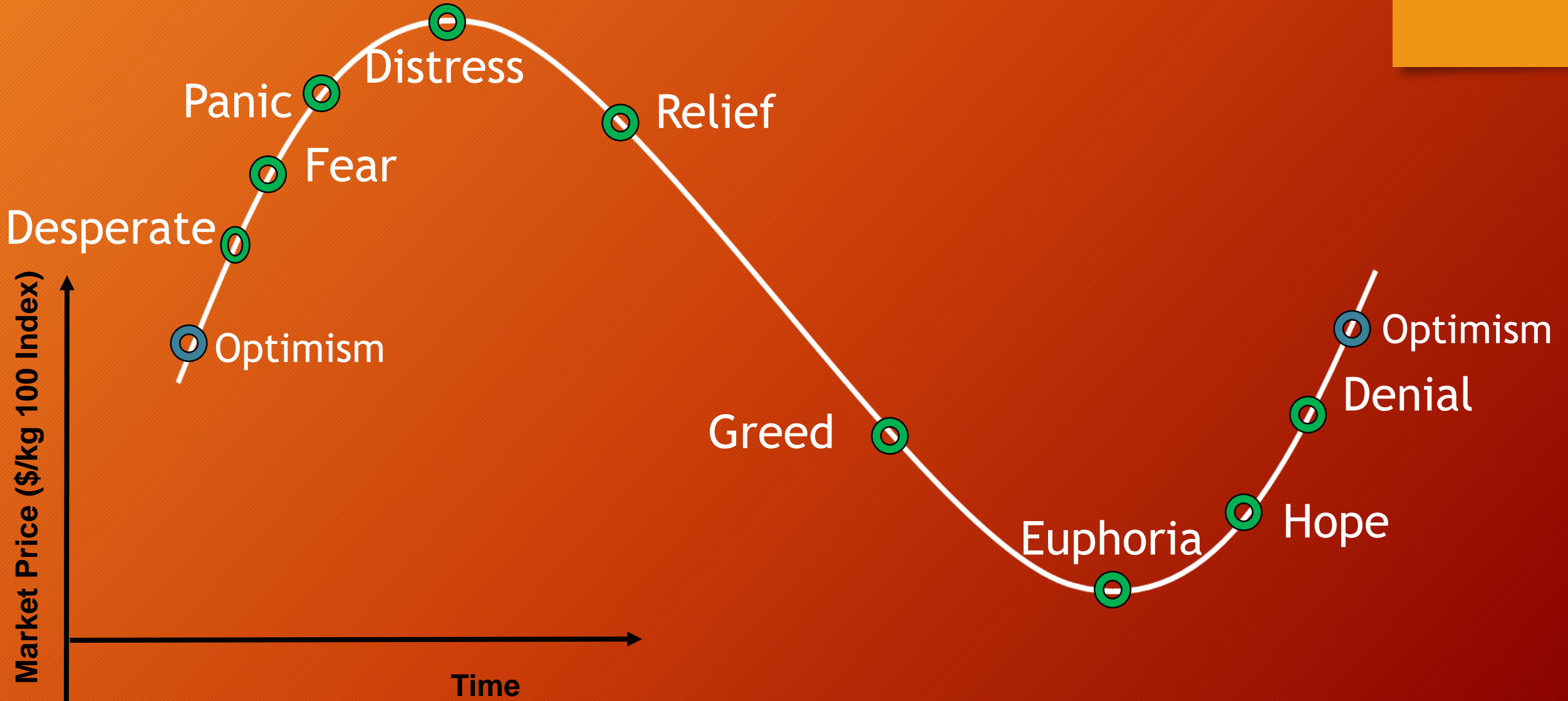
Making pricing decisions (hedges) takes a different mindset.



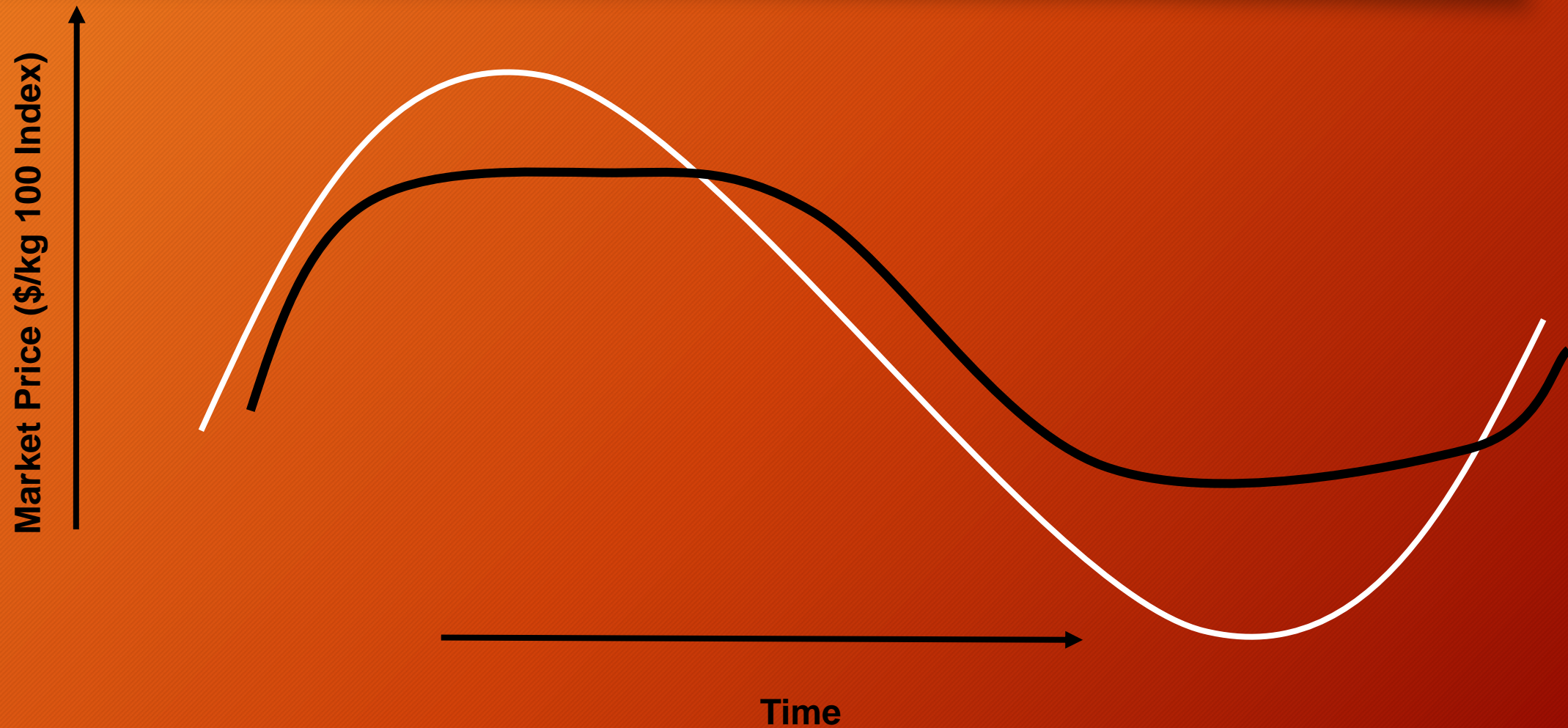
Emotions of Marketing (or deciding to purchase)



Emotions of Hedging



Can You Predict the Future?



Month	Options	Charts	Last	Change	First Settle	Open	High	Low	Volume	Low Limit	Updated
DEC 2018			56.750	+1.750	55.000	55.250	57.600	55.250	21,154	59.750 / 53.750	17:56:38 CT 15 Oct 2018
FEB 2019			63.850	+1.625	62.225	62.475	64.775	62.475	9,631	66.900 / 60.900	17:55:26 CT 15 Oct 2018
APR 2019			68.700	+0.775	67.925	68.075	69.600	68.025	5,857	71.850 / 65.850	17:55:43 CT 15 Oct 2018
MAY 2019			74.500	+1.425	73.075	73.825	74.550	73.725	72	77.125 / 71.125	17:56:10 CT 15 Oct 2018
JUN 2019			80.050	+0.700	79.350	79.550	80.800	79.525	2,587	83.150 / 77.150	17:56:07 CT 15 Oct 2018
JUL 2019			80.525	+0.675	79.850	80.175	81.375	80.175	655	83.725 / 77.725	17:56:19 CT 15 Oct 2018
AUG 2019			79.400	+0.650	78.750	79.325	80.175	79.275	384	82.650 / 76.650	17:56:01 CT 15 Oct 2018
OCT 2019			66.125	+1.250	64.875	64.550	66.175	64.550	179	69.075 / 63.075	17:55:31 CT 15 Oct 2018
DEC 2019			61.325	+1.300	60.025	61.325	61.325	61.325	48	64.000 / 58.000	17:56:07 CT 15 Oct 2018
FEB 2020			-	-	64.800	-	-	-	0	68.750 / 62.750	17:56:36 CT 15 Oct 2018
APR 2020			-	-	64.800	-	-	-	0	70.525 / 64.525	17:56:24 CT 15 Oct 2018

Legend: Options Price Chart

[About This Report](#)

Successful Hedging:

- Is an ongoing process;
- Means that you have a plan, (And stick to it!!!);
 - Understand the market, what is happening
 - Know your objectives;
 - Know your cost of production;
 - Have defined when to take a position AND when not!!!
 - Write down why you did take the position.

Remember:

It is most likely you will never hit the jackpot.

You will never go broke locking in a profit.

Long-term it has to add to the bottom line.



Herman
HERMAN®

© LaughingStock Licensing Inc., Dist. by Andrews McMeel Syndication for UFS, 2018

1-5

“You the guy with the hedge trimmer for sale?”

Thank You

Herman Simons

hsimons01@gmail.com