Hedging Strategy for Anticipating Fluctuation of Olein Price in Future Market

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This study is aimed to identify price movement and price fluctuation level of olein in the future market. To recognize the trading condition of olein in the future market, the data were collected from observation of olein price fluctuation in Jakarta Future Exchange. Fundamental analysis, technical analysis, and basis were used to analyze the data. The patterns of olein price movement in the future market, which can be identified from technical analysis of exponential moving average (EMA) 5/20, are double top (reversal pattern), uptrend, and downtrend. Price fluctuation of domestic olein caused by bargaining aspect, namely supply through production and demand, covering olein consumption, olein export, and olein stock. From technical analysis of EMA, it can be used as an instrument to observe price trend, where volatility in July-December is high risk, relative strength index (RSI) shows a position of over-sell, and moving average convergence divergence (MACD) shows a trend toward bearish. And hence, hedging for several next months (up to the 13th day of which will due in May 2005), it can be conducted by the producer by taking an action of selling hedge.

From autoregressive integrated moving average (ARIMA) method, it can be used to predict the price of olein in the next month, which trend to decrease. And hence, hedging for several next months (up to the 13th day of which will due in May 2005), it can be conducted by the producer by taking an action of selling hedge.