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Indranil SenGupta* (indranil.sengupta@ndsu.edu), Department of Mathematics, North Dakota State University, Minard Hall 408, Fargo, ND 58108-6050, and **William Wilson** and **William Nganje**. *Barndorff-Nielsen and Shephard model- oil commodity hedging with variance swap and option.*

In this presentation we discuss a quadratic hedging procedure for oil price commodities. This is particularly important in recent time when the fluctuating oil price is a major concern. We show that an effective hedging procedure can be derived using a combination of variance swap and option. Numerical results (for the state of North Dakota) are shown to provide the effectiveness of the results. (Received June 26, 2017)