



CASE STUDY

Our customer is a metal trading company that belongs to a state-owned multinational conglomerate with diversified businesses covering finance, energy and resources, manufacturing, engineering contracting, real estate and others. They are a leading trader and investor of metallurgical feedstock and end products and specialize in niobium, iron ore, non-ferrous metals, steel, coal and chemicals etc.

Problem Definition

The customer's main business is the import and export trade of metal mineral products and finished products, involving iron ore, copper, copper concentrate, aluminum, nickel, niobium iron products, coal, manganese, chromium and metallurgical coal, etc. The business model covers import, domestic trade, and international entrepôt. At the same time, through the exchange and OTC financial derivatives they manage the risk of commodity prices and foreign exchange. As our client is exposed to large fluctuations in metal and foreign exchange prices, their core needs are focused on: timely and accurate understanding of business PNL and exposure, as well as monitoring hedging performance. They needed a complete closed-loop management from transaction entry to accounting and book keeping with functions covering front, middle and back offices:

Why Entrade

The client finally decided to select Enuit due to

- ENTRADE®s front office support, including management of spot contract, long-term contract transaction; inventory and transportation transaction; absolute value swap, basis swap, domestic and overseas futures transaction, and foreign exchange transaction, etc.

- It's support for middle-office covering logistics execution, inventory management and cost calculation, physical goods and paper goods matching, price curve modeling and management, risk exposure report, profit and loss report, it's value at risk (VaR) module, stress test module, and market risk limit setting & monitoring, etc.
- And finally for back-office functions including physical goods settlement, futures settlement, invoice template generation, hedge accounting and entry generation, including it's ERP and general ledger interface, etc.

Client Experience

With ENTRADE®, the customer has realized the full-caliber management of the physical goods and derivatives business of it's three trading entities in Beijing, Shanghai and Singapore. The trading process of copper, aluminum, nickel, gold, silver, copper concentrate, iron ore and metallurgical coal have already gone-live.

Enuit has provided complementary consulting and training services to ensure the successful implementation of this project. Consulting and training contents including: business processes combing and optimization, physical goods valuation, forward price curve modeling, the principle and application of VaR, risk exposure limit setting, etc.

All in one

Every commodity, every feature, and every user in one place. There's no Third Party or Legacy System to integrate. We call it One Platform