



REFINITIV CASE STUDY

PARTNERING FOR SUCCESS

How one company manages risk across assets with a single platform

Overall Winner

Best Risk Management Solution

Mercuria Group

Michelle Tay Mi Xue

Treasury Manager

Adam Smith awards Mercuria Asia Group Holdings overall winner for Best Risk Management Solution

Company profile

Mercuria is a global energy and commodity group, operating in more than 50 countries with over 1,000 employees and offices worldwide.

The challenge

Mercuria's business lines cover a diverse range of commodities trading as well as large scale infrastructure assets. With such diverse businesses, Mercuria proactively manages exposures in the FX, FI and commodities markets, as well as credit terms with trading counterparties. Michelle Tay Mi Xue, Treasury Manager explains, "A cross-asset platform to manage credit, pre-trade, trade and post-trade was key for us to quickly, efficiently and accurately access global market insights, trusted market data and 'best-of-breed' industry analytics to help price-up derivative products. We also needed to accurately assess ongoing mark-to-market exposures to effectively manage our hedging programmes."



Photo of Raj Melvani, Refinitiv and Michelle Tay Mi Xue, Mercuria Asia Group Holdings.

Another key requirement was to have a holistic, cross-asset solution that provided value-added services for best practice risk management such as: timely global news updates, economic updates, access to global bank community for pre-trade insights and a comprehensive real-time alerting service covering cross-asset (FX, FI, commodities) markets, global news and access on the move via tablet and smartphone.

The solution

Refinitiv Eikon platform was selected to fulfil the complex cross asset requirements from pre-trade, trade, through to post-trade and credit screening.

Mercuria Asia treasury manages a significant FX portfolio for operations and commodities trading requirements, covering Asian currencies and G10s. To help manage market risks, forwards and NDFs, swaps are employed to hedge and mark-to-market existing portfolios. Mercuria Asia can accurately price-up all required FX products with trusted curve data sourced from Refinitiv, brokers and other trusted third-party sources. The flexibility and accuracy offered by Refinitiv forwards, NDF and swap pricing analytics are key for Mercuria's FX risk management. These analytics are also used in post-trade mark-to-market valuations.

To hedge long-term debt and optimise rates in other currencies, interest rate swaps and cross-currency swaps are employed by Mercuria. Refinitiv services provide state-of-the-art pricing for currency basis swaps which are integrated into an easy-to-use calculator backed up with a choice of curve data from Refinitiv, interdealer brokers, OIS markets¹ and user-defined curves that can be constructed for true flexibility and accurate pricing.

“Winning an Adam Smith Asia has been a great honour to myself and Mercuria. At Mercuria, we have a strong risk management culture embedded throughout the firm. The company operates rigorous, strict and effective risk management systems based on VaR, volumetric, tenor and credit metrics which allow Mercuria to manage commodity price and other risks. Market risks are mitigated through the use of an extensive range of financial hedging instruments. Winning this award together with Refinitiv is an attestation that Mercuria Asia Treasury is well equipped to accurately manage currency and interest rate risks in an effective and timely manner.”

Michelle Tay Mi Xue Treasury Manager,
Mercuria Asia Group Holdings

¹ An overnight indexed swap (OIS) is an interest rate swap where the periodic floating payment is generally based on a return calculated from a daily compound interest investment.

For credit-terms with counterparties and banks, Refinitiv services are used to assess credit ratings which go into a credit score matrix as part of an overall counterparty credit risk management framework.

To stay connected to global markets and keep on top of market moving announcements that affect prices, Mercuria makes use of Refinitiv global news aggregation service, messaging services and global economic calendar service – all of which can have automated alerting mechanism and can be accessed on mobile devices so that price movement can be acted on earlier.

Best practice and innovation

Mercuria runs a large, successful business that takes risk management seriously. Because of its diverse business lines, there is a need to manage risk across multiple asset classes (FX & FI). Refinitiv cross-asset platform coupled with global market insights and connectivity makes it the ideal solution to help manage the diverse financial risks that Mercuria manages.

Michelle Tay concludes, “The value-add services that the platform offers like trusted market data, curve building and analytics for vanilla and exotic derivatives, coupled with automated alerting, makes it an ideal solution to efficiently and accurately help us manage simple and complex cross-asset risk management requirements.”

Key benefits

- Improved risk management across a diverse portfolio.
- Better analytics/information for improved decision making.

Refinitiv is one of the world's largest providers of financial markets data and infrastructure, serving over 40,000 institutions in over 190 countries. It provides leading data and insights, trading platforms, and open data and technology platforms that connect a thriving global financial markets community – driving performance in trading, investment, wealth management, regulatory compliance, market data management, enterprise risk and fighting financial crime.

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