



Plastic Importer – Case Study

A plastics importer operated a lean finance team but lacked treasury experience and access to financial market data to ensure management and oversight of its foreign exchange hedging programs on an ongoing basis.

Their main challenges were:

- The underlying business was highly commoditised and competitive, requiring the company to be agile and proactive when using FX rates to cost AUD sales prices.
- While senior managers recognised the problem, they had limited FX market risk experience, very low visibility to market moving data (often at least 24 hours behind actual market moves) and no clear view of key market levels and changes in trends.

Rochford advised and implemented the following strategies:

- Assisted in the design of a process that captured and summarised the USD unhedged position as each new AUD sale was closed.
- Collaborated with senior managers to identify the appropriate risk appetite for the underlying business model.
- Provided advice and tactics limiting and stopping loss market orders, key level and major trend identification, intra-day event risk, pre-emptive hedging of highly probable new sales.
- Provided additional advise on foreign currency denominated CAPEX and on-going freight cost management.

With our support:

Rochford's expertise and knowledge on transfer and constant market watch provided senior managers the time to concentrate on the underlying business needs i.e. sales, competitive advantage and supply chains.

Our day-to-day participation in hedging decisions turned a history of losses (often sizeable) from currency exposure into a source of profit generation/margin enhancement that has been consistent and constant over 8+ years.