

How this manufacturer used market orders to protect margins

“When we transferred to an overseas supplier, our payments became exposed to currency fluctuations. Ebury has allowed us to manage our risk and minimise the impact it has on our business. It’s a relief to find such a reliable provider.”

The business manufactures cranes in Ireland



BUSINESS CHALLENGES

To manufacture cranes the business needs to import various components, including screws and bolts. Its largest, and newest, supplier is based in the UK and requires payment in Sterling.

Having traditionally used local suppliers, international trade and the implied currency risk were new to the business.

However, they were aware of bank charges and keen to explore alternative providers to secure a competitive price. The business investigated using exchange platforms to achieve a good rate but quickly realised that they needed market insight rather than simple rate comparisons.

EBURY SOLUTIONS

We took the time to understand the business, its exposure and requirements.

The management chose a currency strategy that uses market orders and spot transactions to ensure they always get a competitive rate.

Market orders are instructions placed to buy or sell a currency when it hits a specified rate during a set period of time. This allows businesses to secure an improved exchange rate when the markets move in their favour or stop out a position to limit their downside risk when the markets move against them.

Our solution enabled the business to mitigate its currency risk and it's now in a position to execute payments to the UK supplier in Sterling, quickly and efficiently.

Since the initial success, we have also been exploring the potential to implement risk management strategies, with forward contracts. These would allow the business to achieve a set exchange rate for up to three years, protecting its margins from any market volatility.