How Risk Position inquiry or Coverage Report works

Overview

Risk position inquiry helps users to analyse their price and basis exposure.

At a high level risk inquiry will have 4 sections. Physical section, Futures section, Risk (Market and Basis) computation, Switch Position computation

We have 3 Tabs :

- 1. Summary tab
- 2. Risk details tab
- 3. Visualizations

Summary Tab will be displayed only when the company preference set to Processor

System Manager		Decimals						
General Ledger		OPR Position D	etail					
Credit Card Recon		nclude In-Tran	lude In-Transit in Company Titled					
Inventory				,		Value)		
Purchasing	· · · ·	nclude Offsite	Inventory in (Company Title	ed	(Grain Examiner Value)		
Sales		nclude DP Pure	chases in Con	npany Titled		Grain Examiner		
Payroll						value)		
Notes Receivable		disk/Hedging	in Dist to 1					
Ticket Management		nclude Options	s in Risk Inqui	ry or Coverag	ge			
		nclude Invento	ry					
Contract Management		nclude Expired	Months					
Risk Management		Risk View				Processor	~	
Logistics		Auto Assign Lor	ng Futures					
Tank Management		Basis & Physica	al Position Re	ports				
Card Fueling		Report Level					~	
Coverage Inquiry						^		
Load Export Close								
Details								
Commodity Coffee v S	pot Month	May(K) 18	- Book		✓ Forecast We	eekly Consumption		
Location _ All _ V	MOM	Metric Ton	V Sub-Book		✓ Forecast Week	eekly Consumption UOM		
Market ICE Arabica 🗸 D	lecimals	4	 Position By 	Product Type	~			
Summary Visualization								
Summary								
240.00		Previous	May 18	Jul 18	Total			
1.Outright Coverage 1.Priced / Outright - (Outright posit	ion)	7 156 505	0 784 7475	0.0000	7 941 3425			
2.Terminal Position	ionj	7,130,595	374,2134	136.0776	510.2910			
3.Outright coverage			8,315.5559	136.0776	8,451.6335			
A.Outright coverage(Weeks)			8,315.5559	136.0776	8,451.6335			
2.Futures Required								
1.Unpriced - (Balance to be Priced)		19.200	0 103.2000	64.8000	187.2000			
man a tom			374.2134	136.0776	510.2910			
3. Ferminal position								
4.Futures Required			290.2134	71.2776	361.4910			

Risk Details tab will be populated only when the company preference set to Trader / Elevator

Company	Configuration									^	
OK Cano	el										
System M	anager		Include DP P	Purchases in Co	mpany Titled	1		(Grain Ex Value)	aminer		-
General L	edger		Risk/Hedgin	g							
Credit Car	d Recon		Include Opti	ons in Risk Ing	uiry or Covera	age					
Inventory			Include Inve	ntory	-	-					
Purchasin	g		Include Expi	red Months							
Sales			Risk View					Trader/Elev	ator	~	
Payroll			Auto Assign	Long Futures							
Notes Rec	eivable		Basis & Phy	sical Position R	eports						
Ticket Ma	nagement		Report Leve		•					~	
Contract N	Management		Timing Field							~	
Risk Mana	gement		Base Curren	cy				EUR		~	
Logistics			Include Inve	ntory							
Risk Position Inq	uiry								^		×
Load Export C	lose										
Details											
Commodity Cof	fee	✓ Spot Month	May(K) 18	v Book		~	Forecast Weekly (Consumption			100
Location - Al	-	VOM	Metric Ton	 Sub-Book 		~	Forecast Weekly	Consumption UOM			~
Market ICE	Arabica	 Decimals 	4	 Position By 	Product Type	~					

Risk Detail Visualization				
Risk Position				
	Previous	May 18	Jul 18	Total
Physical position / Basis risk	7,175.7950	189.7440	64.8000	7,430.3390
Terminal position (a. in lots)		22.0000	8.0000	30.0000
Terminal position (b. in Metric Ton)		374.1750	136.0500	510.2250
Net market risk		7,617.3140	136.0500	7,753.3640
Switch position		14.8712	4.0000	18.8712

Physical section

The moment a sequence is created and saved, it will populate in this inquiry. There are 2 sections under physicals , Unfixed and Fixed.

If the sequence is unfixed it will be under unfixed section and when it starts getting price fixed (sequence with multiple lots could get fixed at once or in piecemeal),

the unfixed quantity reduces (to the extent of fixed qty) and the same is reflected under Fixed section.

Futures only (or HTA) contracts will also appear under Fixed section as a single line covering all product types selected in the filters.

On invoicing the sales contract, the invoiced quantity is removed from both purchase and sales.

Contract sequences associated with pricing type "Delayed" or "Cash" will not be included in this inquiry

Futures section

Long and Short futures transactions are displayed in this section.

Once the futures month is expired (user has to expire the month manually by going to configuration for futures month), the futures net position for the expired month is no longer displayed in the risk inquiry .

Market Risk (or Market Coverage) Computation

Fixed contract quantity is added to Futures position for a given futures month to arrive at exposure for a month.

Exposure in all the individual months is added to compute exposure for the Futures Market.

Differential Risk (or Differential Coverage) Computation

- Fixed contract quantity, excluding any Futures only (HTA) contracts, plus
- Differential/basis contracts

Switch Position Computation

Switch position looks at the unfixed quantity for a given futures month and computes what the futures position will be if the unfixed quantity gets fixed.

Example- Unfixed physical position is worth 10 lots coffee, Futures position is 8. If the unfixed position gets fixed , 10 short lots will be added to the futures position. So the switch position will be -10 +8= -2

Physicals

Contract sequence quantity will be grouped based on Product types (Y Axis) and Futures month (X Axis).

Under commodity configuration user can create Product types for a commodity.

Product types are linked to an item and each sequence will have an item or category (either this will serve the purpose of basket or a new configuration for basket will be created. Category/Basket will also be linked to a product type).

Lets say type "Robusta Unwashed" is created and linked to an Item. This item is selected in purchase contract sequence 123 -1 with futures month October 15,

Futures market- LIFFE, quantity -100 MT or 10 Lots and the sequence is unfixed

In the grid, the cell that corresponds to Purchase Robusta Unwashed and October 15, 100 MT will be displayed.

If there is more than one contract for the same type and futures month combination, this number will be the sum of quantities of all pertinent contracts.

Purchase sequence quantity is displayed with a +ve sign and Sales sequence quantity is displayed with a -ve sign.

Please note, inside the drilldown the quantity against each sequence is shown as a absolute value. The sum of all such quantities is shown with a -ve sign.

If the net unfixed quantity is displayed with a -ve sign, it does not indicate that only sales contracts are there but it indicates sales quantity is more than purchase quantity.

Under unfixed section, purchase and sales contracts will be grouped separately. The name of the group will be derived from Purchase /Sales + Type . So, in the above example, the group name will be

Purchase Unwashed Robusta

Quantities of all unfixed Purchase/Sales + types will be added to compute the net unfixed quantity for a given futures month.

Number drilldown - each number (that is not a column or row total) is a link with a drilldown to the data which comprises it

When user clicks on the number/drilldown, the new window which populates has the following information

Field	F	Column Number	ls	What the field pertains to	I	Rules
Name	ie		а		m	
	ld		Drill		р	
	Т		do		а	
	у		wn		ct	
	pe		??		of	

Unfixe d	T a blo	1		Indicates dominion of unfixed contracts.	Purchase sequence qty is displayed with a +ve sign and sales sequence qty is displayed with a -ve sign.
d section Types Future s months Total	a ble T a ble T a ble	2 3 onwards	Yes	Types as configured by user in commodity master Futures months as configured by user For a type, sum of quantity for all active futures month.	and sales sequence qty is displayed with a -ve sign. Type name is a combination of Purchase/Sales + Type . A type is shown only when there are open contracts for the same. (Sequence tonnage - invoiced tonnage) > 0 Each type will be displayed as a new row. Show all Purchase types followed by sales type. Arrange them alphabetically For all purchase types, the first word purchase is common, check for the next sets of words to determine order. Any contract which is Unfixed , open and belongs to a type and futures month will become part of this section. List all active futures months chronologically (Left to right). Previous, will be placed in the column prior to any active futures month. Any open physical position for an expired futures month will be displayed here.
	a ble	immediately after the last active futures month		It may be unfixed qty , fixed qty or futures.	
Total Unfixed	T a ble			Total unfixed of all types for a given futures month.	
Fixed section	T a ble		Yes	Indicates dominion of fixed contracts Type name is a combination of Purchase/Sales + Type .	A type is shown only when there are open contracts for the same. (Sequence tonnage - Invoiced tonnage) > 0 Each type will be displayed as a new row. Show all Purchase types followed by sales type. Arrange them alphabetically For all purchase types, the first word purchase is common, check for the next sets of words to determine order. Any contract which is fixed, open and belongs to a type and futures month will become part of this section . NOTE- In Price contract, user has an option to fix one Robusta coffee lot yet overwrite the fixed quantity to say 14MT. So in this case 14MT should be displayed as fixed qty. Under fixed section, after all the item names, there should be an option to show all the contracts associated with pricing type "HTA" The name would be "Futures only (HTA)
Total Fixed	T a ble			Total fixed of all types for a given futures month.	
Basis Risk	T a ble			Total Unfixed + (Total Fixed for a given futures month- HTA positions)	
Delta hedge section	T a ble			All open contracts associated with product line where delta is defined are displayed in this section.	Type name is a combination of Purchase/Sales + Product line name (Delta = X %) So, if "Fairtrade" type has a delta 50% and is associated with type Robusta unwashed, the name would be Purchase Fairtrade (Delta =50%) or Sales Fairtrade (Delta=50%). Speciality section has 2 sub sections Unfixed and Fixed
Unfixed	T a ble		Yes	All open unfixed contracts associated with product line where delta is defined are displayed in this section.	
Total Delta Hedge Unfixed	T a ble			Total unfixed of all types for a given futures month.	
Delta Hedge fixed	T a ble		Yes	All open fixed contracts associated with product line where delta is defined are displayed in this section.	

		_		
Total Specia Ity fixed	T a ble		Total fixed of all types for a given futures month. This number is adjusted for delta % . So, as an example, against Purchase Fairtrade (Delta =50%), 500 MT is available , when the same is populated against "Total speciality fixed" delta is computed on 500 , 500 X 50% =250 MT. 250 MT is shown	
Overal I Physic al Position	T a ble		Sum of Basis Risk, Total Speciality unfixed and Total Speciality fixed	
Future s Position	T a ble	Yes	Futures positions held under different broker accounts pertinent to different futures months is displayed here Account numbers are placed on the Y axis and Futures month on the X axis. The number shown on the grid is the net of Long and short futures.	Only confirmed futures transactions will be displayed here Long is +ve and Short is -ve . If the number on the grid is +ve it could mean 1- Only Long positions 2- Long positions are more than short positions
Future s net positio n in Lots	T a ble		Add all individual positions held in different broker accounts for a futures month. UOM= lots.	
Delta options	T a ble	Yes	Find all Confirmed, active (not expired, exercised or assigned) options, apply delta to it and the number should be reflected here. Calculations provided in the text above this grid	If delta is zero , don't display the option
Total F&O	T a ble		Add "Futures net position in lots" and "Delta options". UOM= lots	
Total F&O (in UOM name)	T a ble		Show the above in UOM selected in the filter options (in the header)	
Net Market Risk	T a ble		Total Fixed + Total speciality delta fixed + Total F&O , displayed in UOM selected in the filter options (in the header).	If there are any fixed positions under column "Previous" while computing risk for the month placed on the immediate right of column "Previous", add this number.
Switch Position	T a ble		Switch position looks at the unfixed tonnage for a given futures month and computes what the futures position will be if the unfixed tonnage gets fixed. Example- Unfixed physical position is worth 10 lots coffee, Futures position is 8. If the unfixed position gets fixed , 10 short lots will be added to the futures position. So the switch position will be -10 +8= -2 If there is any open unfixed position for an expired month, add it to the unfixed position of the next active month to compute switch for the active month.	