

Aramco Trading Advances Toward Launch

More demand for trading systems from Middle East expected as Aramco Trading selects ETRM system

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In preparation for launching refined products trading operations later this year, the Saudi Arabian Oil Company's (Saudi Aramco) venture, Aramco Trading, has selected the Allegro 8 platform to manage its trading, logistics and compliance needs.

Saudi Aramco announced plans in February to trade refined products through Aramco Trading, optimising the operation of Saudi Aramco's refining and distribution network both within the kingdom and overseas. It expects trading operations to commence by the end of 2011. In the meantime, Aramco Trading is working to establish the necessary infrastructure. "We require state-of-the-art technology to support our expanding business and our entry into refined products trading," Said Al-Hadrami, chief executive officer of Aramco Trading, said in a written statement.

Aramco Trading will use the Allegro system for front- to back-office trading and operations in areas such as compliance and risk control. It will also enhance enterprise risk management across the commodity and asset portfolio, including advanced reporting, monitoring and analytics, according to Allegro.

Commenting on the challenges involved in establishing a software system from scratch for a new market player, Jonathan English, vice-president of sales for Europe, the Middle East and Africa at Allegro, says: "Creating a system for a new entity tends to present fewer challenges from a data migration perspective. Typically, there is a lot less data to migrate to the new system [from a previous system]."

English also expects increased interest from other players in the Middle East region, due to recent commodity market conditions. "We do see interest growing in that region," he says. "And we expect more going forward due to recent volatility in the commodity markets, which will drive interest in participating in the markets. Market price volatility drives opportunity."

According to figures from the US Energy Information Administration (EIA), world benchmark crude oil prices reached their highest point this year at the end of April, but fell by 10% by May 9, 2011.

Saudi Aramco, which is owned by the Saudi Arabian government, has worldwide refining capacity of 4.16 million barrels per day and a tanker fleet of 14 double-hulled very-large crude carriers (VLCC), one single-hulled VLCC and four product tankers.



About Allegro

Allegro is a global leader in energy trading & risk management solutions for power and gas utilities, refiners, producers, traders, and commodity consumers. With more than 27 years of deep industry expertise, Allegro's enterprise platform drives profitability and efficiency across front, middle, and back offices, while managing the complex logistics associated with physical commodities. Allegro provides customers with agile solutions to manage risk across gas, power, coal, crude, petroleum, emissions, and other commodity markets, allowing decision makers to hedge and execute with confidence. Headquartered in Dallas, Texas, Allegro has offices in Calgary, Houston, London, Singapore and Zurich, along with a global network of partners.

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