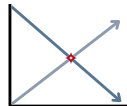


Protect **your profits** from currency movements



What is a currency forward contract?

A forward contract allows you to fix a prevailing exchange rate for a future overseas payment. Protecting your rate from any upturns or downturns in the market, a forward contract is also often referred to as a currency forward or deliverable forward and is one of many foreign exchange tools we offer.



What are the benefits of a currency forward?

Agreeing a forward contract helps fix the cost of your international business payment, allowing you to plan ahead with reassurance and certainty. Should the current rate be favourable to your line of business, you can lock the rate and protect it from any movements. This means that should the rate drop, you will still receive the forward exchange rate you locked in.

This works both ways, however, as a disadvantage of a forward contract is that it would provide you with the same agreed exchange rate even if the rate moved even further in your favour by the time it came to settlement.



Why would I need a currency forward?

Forward contracts are often used as part of a hedging strategy to reduce the currency exposure of your business. As a business, there may be large invoices to pay or orders to make on a regular basis. With a currency forward, you can shield these payments from any exchange rate movements and mitigate the risk that the currency markets can pose. This is ideal if you're looking to protect profits or maintain a tight budget.

This client's historical data showed an invoice for the company in mid-February, where EUR/USD was at 1.1350. The funds only arrived at the beginning of August, and by then, the rate had fallen, with its bank making the transaction at 1.0250 EUR/USD. This specific invoice was for €200,000, which, when priced in February, would have equated to \$227,000. When the bank converted the funds in August, the amount received was only \$205,000. This was a real terms loss of \$22,000, equating to a 10% loss on its contract. With Moneycorp, the organisation could hedge the rates on invoices for future payments, ensuring they were protected against potential currency market risk.

Lets Talk!

We are happy to have an initial consultation with you prior to setting up an account, with no obligation or cost. We will assess your requirement and discuss your options. For more information on forward contracts and how they can potentially add value please contact an FX partner.



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Give us a call to discuss your requirement.



Visit us at [Moneycorp.com](https://www.moneycorp.com)

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Does your business, **operate internationally** importing or exporting globally?

If so, then it could be exposed to the risk of currency fluctuations. The measure of risk depends on the currencies paid and received, the size of your business tied to international markets, and your future plans for growth.

Why should you assess your FX risk?

A free currency audit from an expert specialist team allows you to understand your current FX risk and assess your potential future exposure.

The FX risk report includes an overview of currency fluctuations against the pound for markets relevant to your business, estimated costs and potential savings for future international payments.

Find out what you could have saved

Using historical transaction data from your business over a 3, 6 or 12 month period, our expert team will use the data to provide accurate information on the available exchange rate on the relevant currency for each payment. Taking the nature of the product into account, including both spot contracts and forward contracts, the transaction analysis will use historical data to compare rates received with potential savings when working with Moneycorp.

Develop your FX strategy to mitigate currency risk, and cost

The currency health check provides a snapshot of your currency exposure, which can help in the development of a strategy to mitigate that risk in the future. The audit report includes a breakdown of your company's currency exposure, transaction costs and key findings, helping to provide information and guidance on developing your currency risk hedging strategy.



For more information on forward contracts and how they can potentially add value please contact an FX partner Patrick.Solley@moneycorp.com



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Give us a call to discuss your requirements.



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