



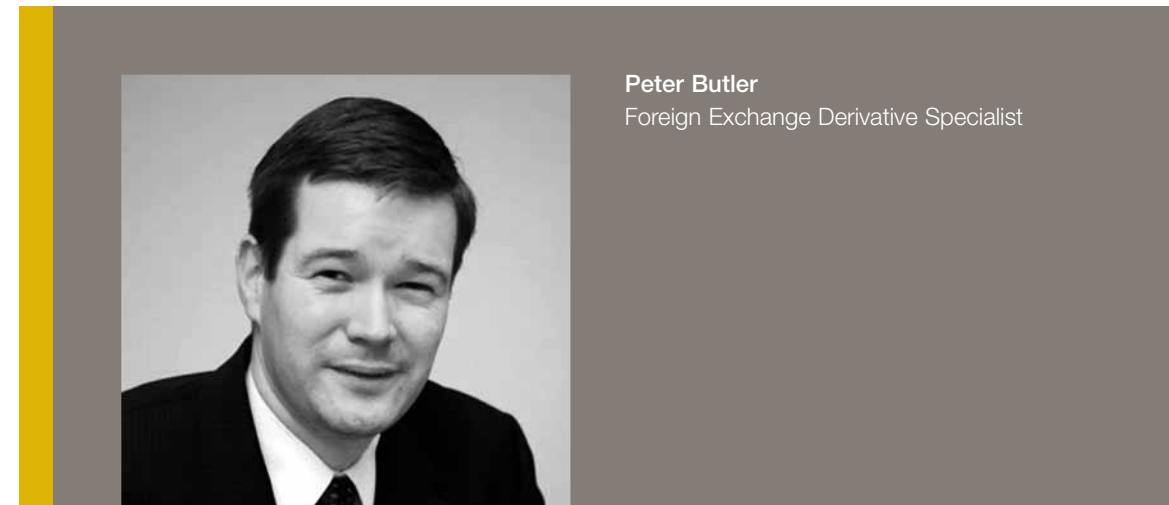
Increasingly sophisticated currency strategies are being adopted to meet the foreign exchange needs of businesses everywhere.

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The case of an Irish company with monthly projected Sterling income over a 6 month period provides a good example of how foreign exchange derivatives can add value to your business. The company held a view that the next 6 month period would be one of low currency volatility. Working with this view and understanding the company's needs to protect a worst case rate scenario, we tailored a Range Bonus Forward product.

The Range Bonus Forward enabled the company to sell 1 million Sterling a month into Euro at a better rate to the outright forward, provided that a predetermined range remained intact for the 6 month period. However, if the range was broken the company was still fully protected at a less beneficial rate to the outright forward.

The prevailing average outright forward rate to sell Sterling (GBP) and buy Euro (EUR) was 0.6950. The product allowed the company to sell GBP at 0.6860

each month provided that neither 0.6750 or 0.7100 had ever traded in the 24 hour spot market. If either 0.6750 or 0.7100 traded in the market, all the remaining monthly transactions to sell GBP would be transacted at 0.7030.

As can be seen from the table below the client's view that a EUR/GBP rate range would not be breached during the period concerned was correct. The range remained intact for 5 months of the 6 month period under review. This enabled the client to sell GBP at the higher rate of 0.6860 in 5 months of the 6 month period and at a rate of 0.7030 in month 6, which was still superior to the prevailing spot rate in the final month (but worse than the original forward contract rate).

This type of dynamic hedging of foreign exchange risk can be applied to a wide range of currency pairs over various time frames.

Time Period	EUR/GBP Range	Range Bonus Rate	Protection Rate	Client Rate
month 1	0.6850/0.6940	0.6860	0.7030	0.6860
month 2	0.6880/0.6985	0.6860	0.7030	0.6860
month 3	0.6925/0.6955	0.6860	0.7030	0.6860
month 4	0.6945/0.7055	0.6860	0.7030	0.6860
month 5	0.7025/0.7075	0.6860	0.7030	0.6860
month 6	0.7065/0.7145	0.6860	0.7030	0.7030