Foreign Exchange Risk – Case Study

Minimise the impact of currency fluctuations and get the best returns on your international transactions

Foreign exchange risk can manifest itself in various guises with contrasting transactional, translational, and economic impacts on a business.

It's important for businesses to understand their risks and are equipped with the policies, processes, and systems for effective management. It's also important to understand how cost-efficient internal hedges are available, before a derivative solution is considered.

Rochford works with a broad cross-section of corporates and has many years of extensive experience in structuring and negotiating hedging solutions with financial institutions.

For more information, please contact our advisory team.

Case Study

Rochford worked with a rapidly growing retailer with COGS denominated in Dollars, Sterling and Euros.

They had no official or documented treasury risk management policy in place and their decision making was often ad-hoc or 'knee jerk' reactions to the market.

We advised and implemented the following strategies:

- Constructed a hedging policy aligned to the company's buying cycle.
- Created a process of weekly exposure reporting of a FX risk management committee consisting of the CFO, Head of Buying and Rochford advisors.
- Provided regular, brief weekly meetings to discuss risk management on-going, and monthly policy compliance board reporting.

With our support:

- The company's budgets and cash flow was protected from a depreciating AUD, and the impact of currency volatility reduced over time.
- Their key staff were finally able to focus on the commercial objectives and value enhancing investments, including developing new product lines and new store roll outs/acquisitions.

Discover our Financial Market Risk Management Solutions.