

**AMERICAN
EXPRESS**

Foreign Exchange made easy

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What is Foreign Exchange Risk Management (FX Hedging)?

Risk management or FX hedging may be a useful tool for businesses that wish to manage foreign exchange rate risk.

There are many ways to manage currency risk that don't need to be complex or difficult. Rather, they provide an opportunity to help protect the company's margins and reduce the risk of currency fluctuations affecting the firm's financial position.

This risk guide is designed to help businesses understand how easy it is to manage currency risks using a few simple tools.

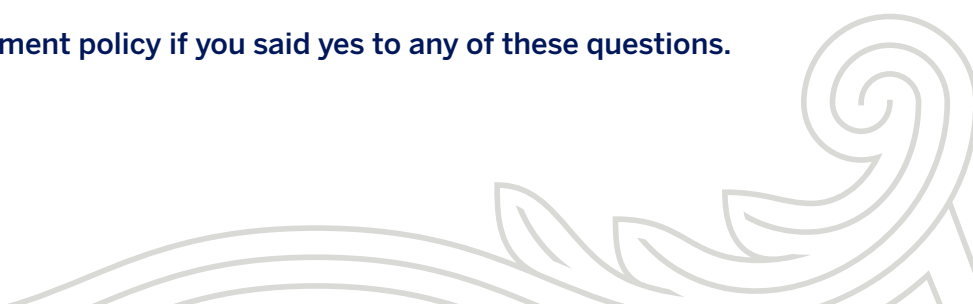
Businesses looking to manage their foreign exchange risk may use this guide to understand their business requirements, review FX hedging products and understand how they may be used as part of a risk management strategy.



FX RISK MANAGEMENT CHECKLIST

Click below boxes for more information

You may benefit from a risk management policy if you said yes to any of these questions.



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FX hedging is an important tool for businesses seeking to mitigate risk and support predictable cashflows. It is important to understand the benefits and risks associated with hedging instruments to use them to their greatest benefit.



Understanding the impact of foreign currency volatility



INTRODUCING THE **FORWARD EXCHANGE CONTRACT (FEC)**, WHICH MAY HELP TO REDUCE RISK ASSOCIATED WITH EXCHANGE RATE FLUCTUATIONS.

A forward exchange contract (FEC) is an agreement to exchange one currency for another at an agreed point in the future, known as the maturity date.

Foreign exchange forward contracts are normally used to hedge certain known or expected foreign currency cash flows.

FX hedging case studies

Additional products to support foreign exchange risk management

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