



[Summary]

Factors Affecting Exchange Rates Part - 4

Subject:	Business Economics
Course:	B. A. (Hons.), 6 th Semester, Undergraduate
Paper No. & Title:	Paper – 611 International Finance
Unit No. & Title:	Unit – 4 Factors Affecting Exchange Rates and Exposures
Lecture No. & Title:	Lecture – 4 Factors Affecting Exchange Rates Part-4

Summary

This session looked at the different methods for hedging that risk. These methods of hedging include internal as well as external techniques. The internal techniques included invoicing in home currency, Leading and Lagging, Matching as well as what if company chooses to do nothing of these. The external techniques included Money market hedges, Future contracts, Forwards contracts, Flexible forward Contracts, Currency Swaps and Currency Options. Of all these method in this session we learnt a few of them which included Currency options, Currency Swap, Forward contracts and flexible forward contracts. We also learnt the statistical measurement of exchange rate risk. After defining the types of exchange rate risk that a firm is exposed to, a crucial aspect in a firm's exchange rate risk management decisions is the measurement of these risks. This measurement included Value at risk calculation method. I hope this session was helpful to you in understand the factors affecting exchange rates and exposures under international financial management better. Thank You.