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The Foreign Exchange Forward solution from Credit Agricole group allows you to fix currency selling/purchasing rates from today for a future date.



BASIC PRINCIPLES

- The foreign exchange forward is a procedure which allows for purchase or sale at a later date (value date) and at a negotiated rate (forward rate). From its implementation, this contract lets you know the rate to be applied to the currency pair, at a set maturity.
- Buying foreign exchange forwards against Euro means making a purchase at the spot rate and postponing the payment of foreign currency. In this case, it amounts to borrowing the advanced Euros and placing the purchased currencies over the period.
- Selling foreign exchange forwards against Euro means selling at spot rates and postponing the sale of currencies. In this case, it amounts to borrowing the currencies sold and placing the Euros bought over the period.
- This delay may result in a gain or a cost depending on the difference between the investment gain and the cost of the loan. This gain or cost is transposed during conversion, this corresponds to the term points.
- Full or partial advance draw-downs are possible. The exercise rate will then be deducted from the term points of the remaining term.



YOUR NEEDS

You are an exporting company and you issue foreign currency invoices and know the payment dates of your clients. You want to guard against the risk of an unfavourable change in the invoicing currency of the commercial contract which would lower the price of your sales.

If you are an importing company invoiced in a foreign currency and need to settle up with your foreign suppliers on a known date: you want to protect yourself against an unfavourable change in the exchange rate which could increase your purchase costs.

You want to cover the transactions for an uncapped amount.



BENEFITS

- Cover possible on all deliverable currencies.
- Currency exchange rate known from the moment the contract comes into force.
- Possibility to carry out early exercise.
- Change exchange adapted to your needs according to the desired currency, the amount and the maturity date of the transaction.



LIMITS

- The term does not allow for any benefit from an improvement in the currency rate.
 - The expiry date is fixed, however with the possibility of carrying out early exercise. The early exercise will be impacted by the term points over the period.
 - If your commercial contract is cancelled, you must nevertheless settle your transaction by buying/selling the currency, potentially leading to an exchange risk
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EXAMPLE

Forward rate = Spot rate +/- Term points

A client wishes to buy 500,000 USD over 1 year. The spot market:

- Spot rate: 1.1000
- Term points at 1 year: 200 pips
- The forward rate will be equal to the spot rate + the term points: $1.1000 + 0.0200 = 1.1200$

The contract includes the transaction amount (the face value), the maturity (the date on which the currencies will be bought or sold), the relevant currencies and the agreed price.

AND MORE

With a network of 19 trading rooms around the world, including 5 liquidity centres in London, Paris, New York, Hong Kong and Tokyo, **Crédit Agricole Group gives you control of your exchange rates:**

- by offering turnkey solutions for more than 100 currencies
- by offering you a complete range of products which responds to your needs (simple & complex, coverage and optimisation)
- by making our region market specialists available to you and their local experts in more than 40 countries.

At the start or during the procedure, we will support you through all your transactions:

- by identifying with you in advance any potential exposures related to your development,
- by drawing up a programme with you of coverages adapted to your situation, as well as to your strategy and your investor profile,
- by executing your orders as best as possible,
- by ensuring proactive monitoring to offer you alterations depending on changes in market conditions.

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