

100% Foreign Exchange

Sterling falls after election jitters

As most of us would have seen this morning sterling has fallen to a 10 month low versus the Euro and US Dollar, amid by worries that plans to slash the UK's soaring deficit could be delayed by political uncertainty. Fears of a hung parliament after the looming General Election have been fuelled by a narrowing Conservative poll lead and sent sterling to below \$1.50 at one point yesterday. The pound was also on the back foot against the euro, falling as low as €1.09 before clawing back some ground against both currencies.

But it's not all doom and gloom.

Experience tells us that even slight movements in foreign exchange rates could impact on your bottom line. However, managing your currency exposure presents an immediate cost-saving route for all companies and likewise private individuals even for the smallest of currency transactions.

At DSD | FX we are committed to helping our clients develop robust risk management frameworks. Key features of our expert service include:

- Detailed business analysis to develop a bespoke, flexible treasury strategy which is aligned with your business goals.
- A personal Risk Manager who will understand your business, proactively manage your treasury risk and provide expert advice on how to implement your strategy.
- Independent information on hedging structures and derivative products, allowing you to make informed decisions.
- Personalised market updates containing relevant, timely reports to ensure you are informed of market developments affecting your business.
- Price monitoring to ensure your providers are quoting competitive rates.
- Face-to-face reviews to ensure our service continues to add value to your business.

Please see page 2 for risk management contracts

Spot Contract

The spot contract is the most basic and popular foreign exchange product. Spot contracts are used when currency is required immediately. It enables you to buy the currency at today's live rate and the currency will be available to you on receipt of your cleared funds.

Case Study

A corporate client needs to buy €100,000 for products they are importing from Europe. They were offered an exchange rate of 1.06 from his high street bank.

Using DSD FX, the client was able to secure an exchange rate of 1.0950, saving £3,015

Forward Buying

Forward contracts are a "buy now - pay later" solution to avoid currency market risk. You will be able to lock into a favourable exchange rate today for currency that you need up to 2 years in the future.

All that is required is a deposit. The balance is only required on the delivery date of the contract and can remain in your bank account earning interest.

Forward contracts are widely used by property buyers as transactions often take weeks to conclude, leaving buyers exposed to a volatile currency market. They are also useful for stage payments on new builds and are a vital risk management tool for large corporations.

Case Study

Frank Williamson purchased a new build beach property in Portugal for EUR230,000. The completion of the property was delayed for 2 months. Frank, realising that the Euro exchange rate was at its best level for several months, entered into a forward contract to buy EUR230,000 at an exchange rate of 1.5210.

Two months later, the Euro exchange rate had fallen to 1.4750 but Frank had secured his Euros at 1.5210, and fixed the cost of his property, saving him £4,716.

Limit Order

Take advantage of sudden favourable movements in the exchange rate using a limit order. Determine the exchange rate you are hoping to achieve and your currency will automatically be purchased if the market reaches your desired level.

Case Study

David would like to send EUR20,000 to his bank account in Spain. He has seen that the Euro is currently trading at an exchange rate of 1.50 and he is in no hurry to make the transfer as he would like to achieve an exchange rate of 1.52.

He instructs DSD FX to put in a limit order to purchase EUR20,000 when the exchange rate reaches 1.52. If the exchange rate spikes to a rate of 1.52, David would have achieved his target and his Euros will be purchased at his [desired exchange rate](#).

Stop Loss Order

Protect yourself against a sudden adverse movement in the exchange rate using a stop loss. This type of foreign exchange has become more popular - simply specify the minimum rate you need to achieve and the stop loss will automatically ensure that your currency is purchased if the exchange rate falls unexpectedly. This allows you to hold out for a better exchange rate while protecting yourself against a sudden fall in the market.

Case Study

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Who are DSD|FX?

Based in the City of London, DSD|FX are part of Glasgow based Direct Sharedeal Group. Direct Sharedeal are a member of the London Stock Exchange and are authorised and regulated by the Financial Services Authority as well as being authorised as a payment institution under the new FSA Payment Services Directive.

DSD|FX share a trading floor in the City of London with sister company DS Wealth, the discretionary trading arm of Direct Sharedeal for high net worth individuals and institutions.

DSDfx is able to offer clients one of the most secure environments in which to transact foreign currency payments through our partnership with ODL Securities. ODL Group is a leading independent FOREX, derivatives, equity and commodity trading house. As a 'market maker' in the UK, ODL Securities Limited is authorised and regulated by the Financial Services Authority, a member firm of the London Stock Exchange and NYSE Euronext LIFFE. It is also a designated broker and a member of APCIMS. Through ODL, DSDfx can offer our clients ring-fenced, segregated accounts.

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