1.	Record Nr.	UNINA9910788410603321
	Autore	Papaioannou Michael
	Titolo	Exchange Rate Risk Measurement and Management : : Issues and Approaches for Firms / / Michael Papaioannou
	Pubbl/distr/stampa	Washington, D.C. : , : International Monetary Fund, , 2006
	ISBN	1-4623-1347-7 1-4527-8444-2 1-283-51344-7 9786613825896 1-4519-0968-3
	Descrizione fisica	1 online resource (22 p.)
	Collana	IMF Working Papers
	Soggetti	Foreign exchange rates - Mathematical models Risk management - Mathematical models Banks and Banking Foreign Exchange Money and Monetary Policy Financing Policy Financial Risk and Risk Management Capital and Ownership Structure Value of Firms Goodwill Monetary Systems Standards Regimes Government and the Monetary System Payment Systems Financial services law & regulation Monetary economics Currency Foreign exchange Currencies Exchange rate risk Hedging Foreign currency exposure Financial risk management Money Foreign exchange market

	United States
Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	"November 2006".
Nota di bibliografia	Includes bibliographical references.
Nota di contenuto	""Contents""; ""I. INTRODUCTION""; ""II. DEFINITION AND TYPES OF EXCHANGE RATE RISK""; ""III. MEASUREMENT OF EXCHANGE RATE RISK""; ""IV. MANAGEMENT OF EXCHANGE RATE RISK""; ""V. HEDGING INSTRUMENTS FOR MANAGING EXCHANGE RATE RISK""; ""VI. HEDGING PRACTICES BY U.S. FIRMS""; ""VII. CONCLUDING REMARKS""; ""REFERENCES""
Sommario/riassunto	Measuring and managing exchange rate risk exposure is important for reducing a firm's vulnerabilities from major exchange rate movements, which could adversely affect profit margins and the value of assets. This paper reviews the traditional types of exchange rate risk faced by firms, namely transaction, translation and economic risks, presents the VaR approach as the currently predominant method of measuring a firm's exchange rate risk exposure, and examines the main advantages and disadvantages of various exchange rate risk management strategies, including tactical versus strategical and passive versus active hedging. In addition, it outlines a set of widely accepted best practices in managing currency risk and presents some of the main hedging instruments in the OTC and exchange-traded markets. The paper also provides some data on the use of financial derivatives instruments, and hedging practices by U.S. firms.