



Next generation

# FX decision data for treasuries

Welcome to your eBook “FX decision data for treasuries”.  
Our Goal: to improve your business resilience and international competitiveness.

**hedge ▶ go**  
Data-Driven FX Intelligence

## CONTENT

### Global Developments

Why inflation was so low in last 40 years 02

Why inflation will stay high 03

Observations and conclusions for FX monitoring 04

Long term impacts 05

Treasury challenge: become more agile 06

The concept of FX decision data 07

HedgeGo’s decision data 08

FX decision data in practice 09

Contact 10



# Global developments

## Why inflation was so low in last 40 years



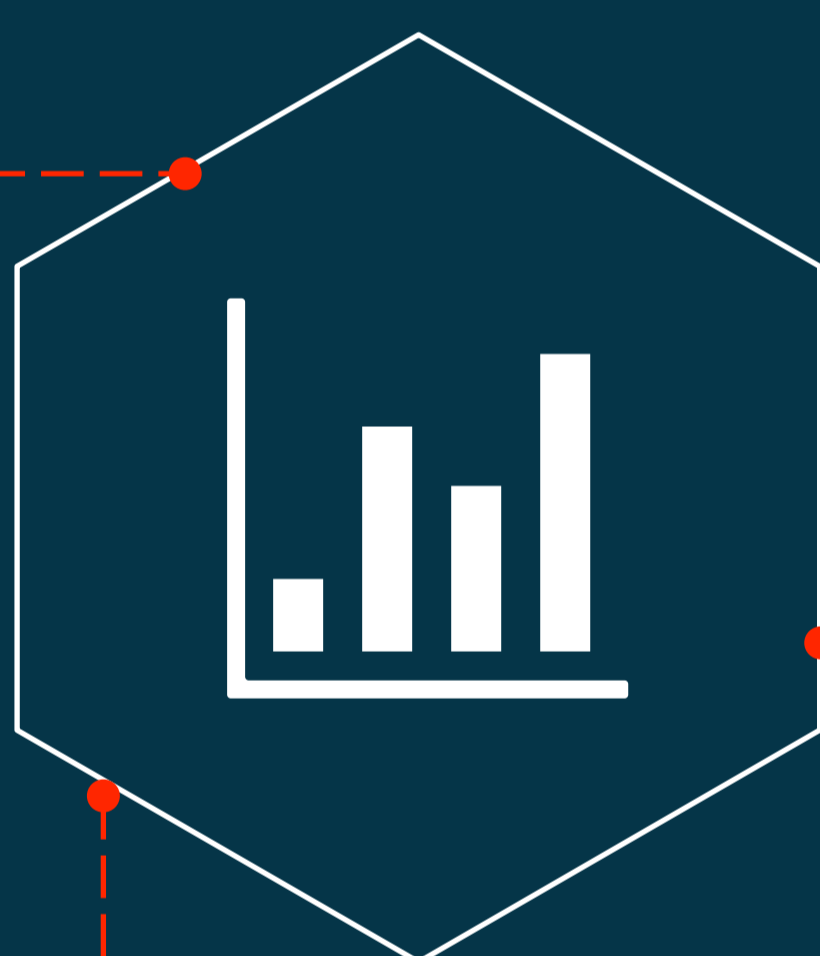
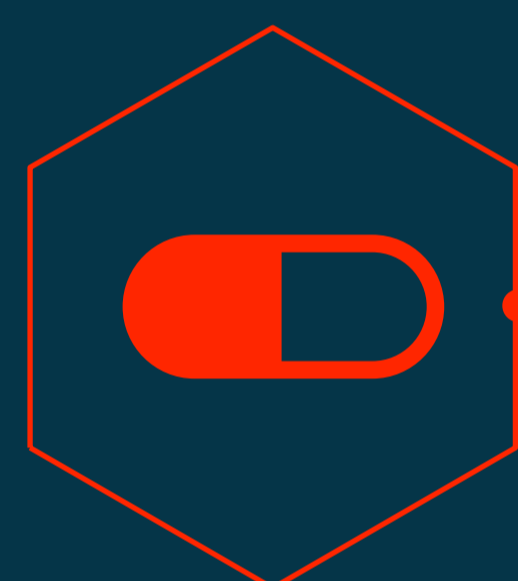


# Global developments

## Why inflation will stay high

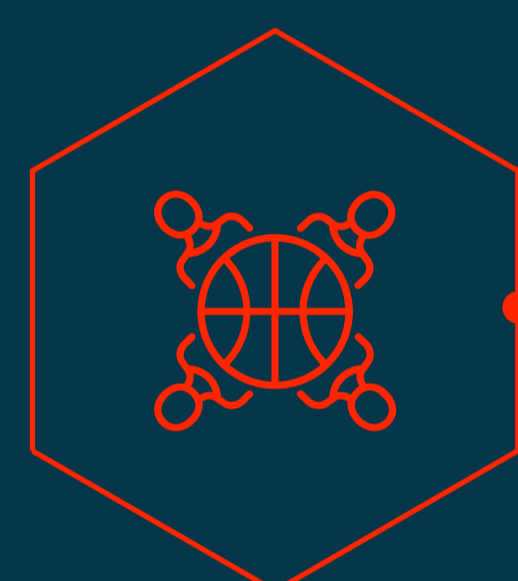
### Drop in birthrates

The pill crunch is starting to take effect  
The working population in Europe is shrinking  
Labor is becoming more expensive



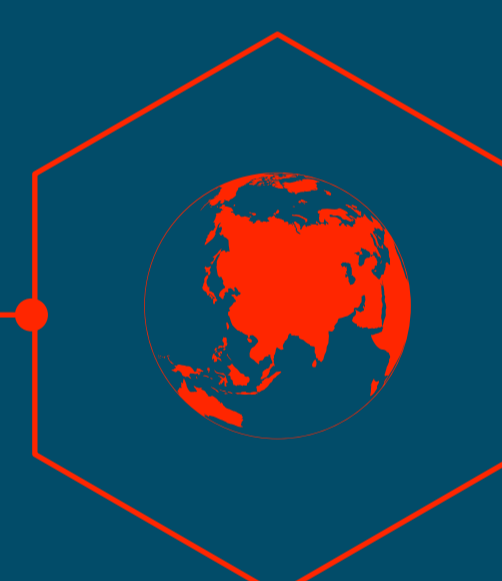
### Block building

Less "borderless trade" cause higher prices



### China

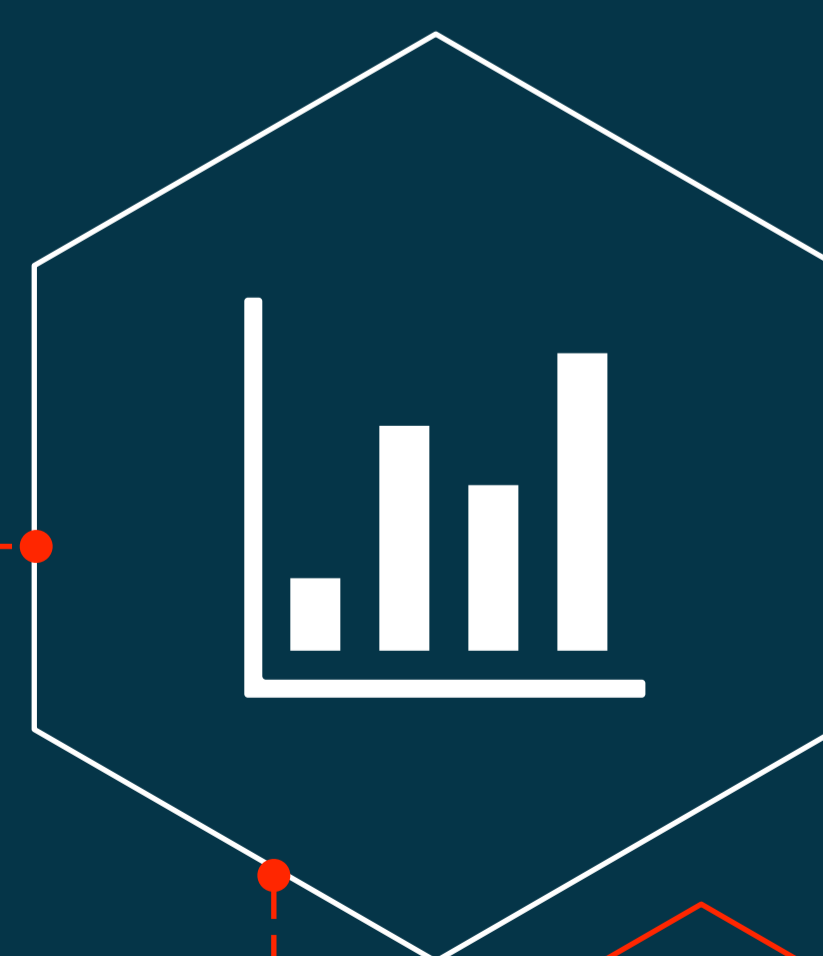
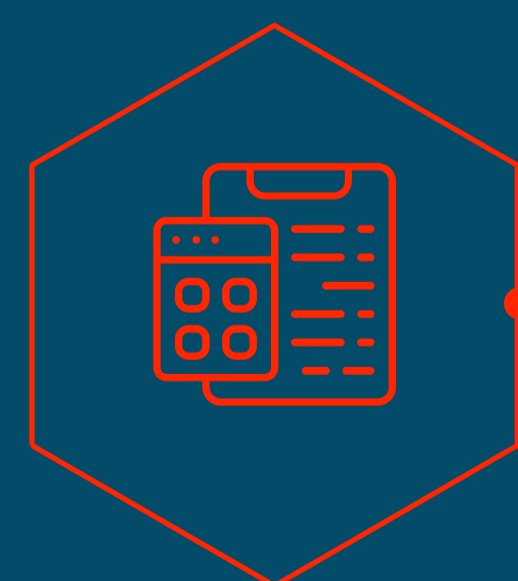
China is no longer a low-wage country and is positioning itself as a competitor



## Why inflation is driven by geopolitics

### Pricing power

With Russia as a pariah, the Western states are missing an important supplier of many raw materials. Remaining suppliers gain more pricing power



### Uncertainty

Uncertainty about supply chains and availability of raw materials & productions becomes an existential question for some industries



### Rules of the game

China, Russia and their satellites no longer accept the Western dictate of the rules of the game for the global economy



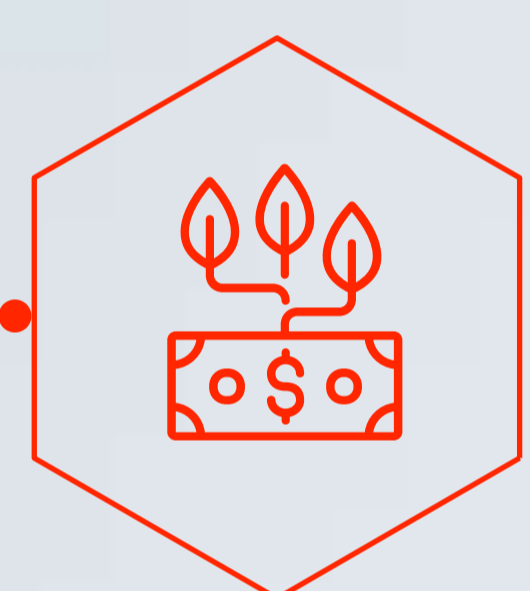


# Observations and conclusions for FX monitoring



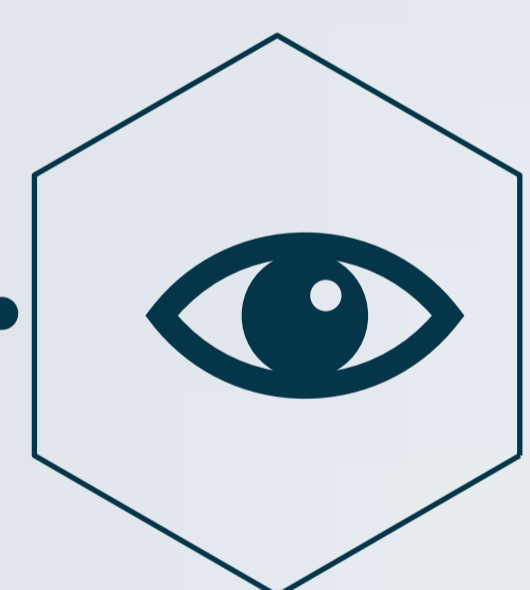
## Central banks

Central Banks always respond with a delay to inflation surges and declines



## Management of interest rates

Interest rate management will become much more important as in last 30 years



## FX Intelligence

Currency management must become more agile as increased volatility must also be observed in core currencies

Inflation and interest rates will move wavelike



## Long term impacts

### Prices

Prices rise sustainably and cause inflation

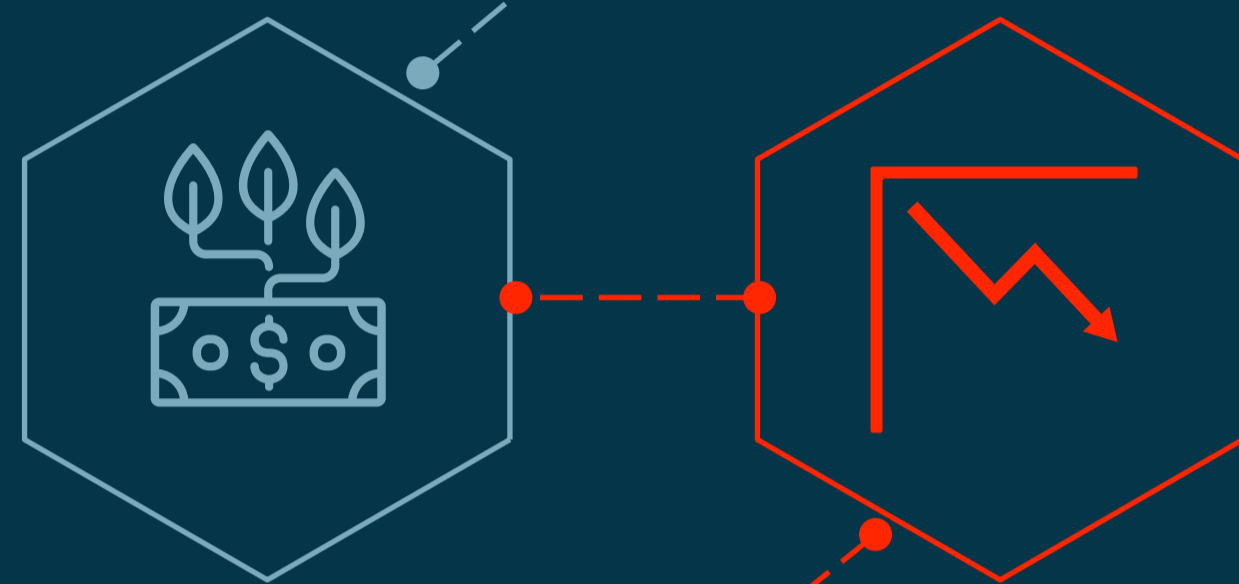


### Interests

Interest rates are raised as a measure against inflation

### Fighting inflation

Measures against inflation have side effects

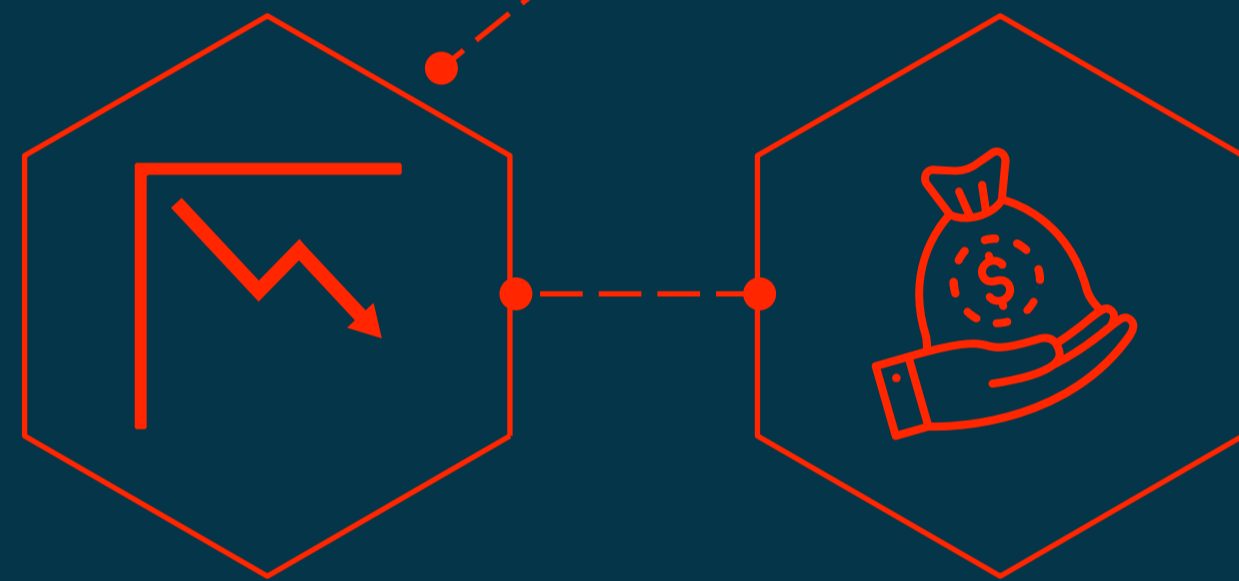


### Shares, bonds and real estate

Stress leads to lower profits

### Lower profits

Lower profits change sentiment for investments



### Investments

Lowering the propensity to invest & the willingness to lend

Speed of innovation drops and decelerates development.



For businesses this means:  
FX management must become more agile



# Treasury challenge: become more agile



## The analysis of FX markets

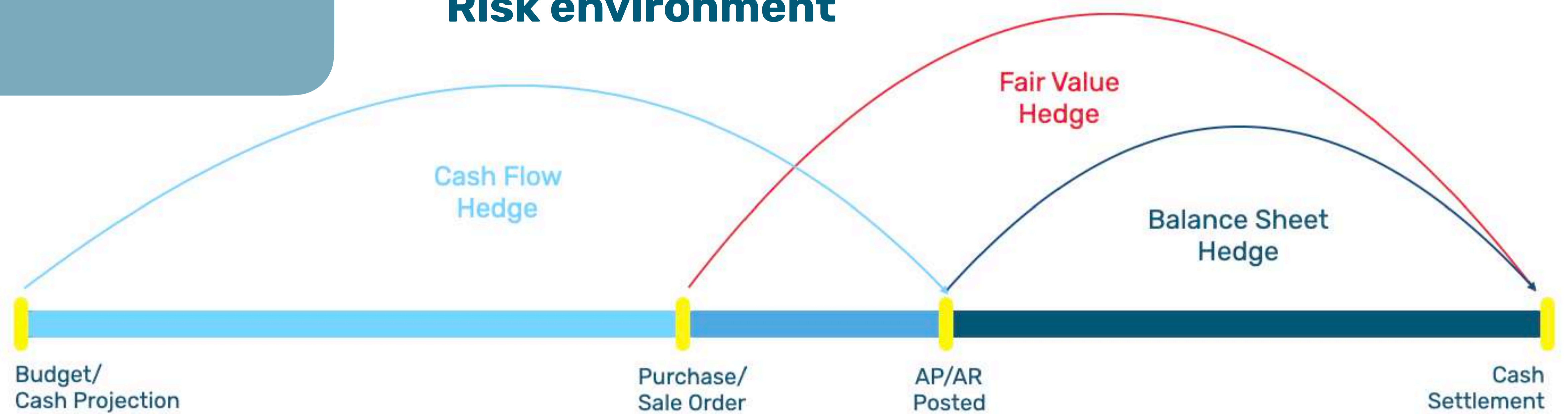
Anticipating short-, medium- and long-term exchange rates requires consistency and years of experience in charting, analysing fundamentals and macroeconomic factors, monitoring central bank decisions and finally analysing sentiment from relevant FX market participants. Rounded off by the rapid detection of geopolitical events and the correlation of various currency pairs, the FX world undoubtedly represents the Champions League of the financial market.

On the one hand, the expertise required and the time needed to derive resilient FX strategies for companies require a lot of effort and agile decision-making power. On the other hand, the consistent implementation of successful strategies opens up considerable potential for optimising cash flow and value creation. However, practice shows that such agile strategies hardly exist or are implemented on the basis of feelings, mainly due to complexity.

## To do

1. Embrace technology
2. Streamline processes
3. Enhance data driven decisions
4. Develop agile risk management
5. Foster collaboration
6. Monitor market FX intelligence
7. Continuously evaluate and optimise

## Risk environment



## Exciting consequences

Develop new skills and use systematised data to be able to make better decisions.

## More time for important decisions

Easy-to-implement automated decision data save time and foster timely processes.



# The concept of FX decision data



## Definition of decision data

The hardest decisions pop up when it comes to balance cash flow at risk (costs for hedging) and value at risk, protecting the balance sheet. Setting up clear policies is a good first step, but filling it with “educated” data and opinion is much more harder.

FX Decision data may help to speed up processes, hence saving time and balancing costs against appearing risks.

## Hedging/non hedging and timing

Remember that hedging is a risk management tool, and there is no one-size-fits-all approach. Each organization's hedging decisions should be based on its unique circumstances, risk profile, proper FX intelligence and strategic objectives.

## Loss protection order (LPO)

If a trend breaks, loss protection orders (stop loss, take profit) limit your risk. However, it's important to understand the limitations, market conditions, and execution risks connected with such actions. LPOs are one of the most important decision data you must think of.

## Short term trend prediction

It's important to note that short-term trend predictions are subject to inherent uncertainties and risks. The FX market is influenced by a multitude of factors, including economic indicators, geopolitical events, central bank policies, and market sentiment.

## Budget rates

FX Bilanzkurs serve as a reference point or assumption for financial planning and analysis, enabling organizations to estimate and manage their exposure to foreign exchange risk. However, it's important to monitor actual market rates and adapt budgeted assumptions as market conditions and exchange rate dynamics evolve.

## Interest rate differential

FX interest rate differentials affect the risk assessment and management of currency exposure. Companies or investors with FX exposure consider interest rate differentials when evaluating the potential impact of currency fluctuations on their financial positions and cash flows.

## Cash conversion

Ultimately, the timing of converting a risk currency into a base currency involves a combination of factors, including currency analysis, risk management objectives, cash flow requirements, and market conditions.

## Receivables/payables

Overall, the timing of payables in FX involves evaluating exchange rate trends, managing costs and cash flows, considering contractual obligations, and aligning with risk management strategies.





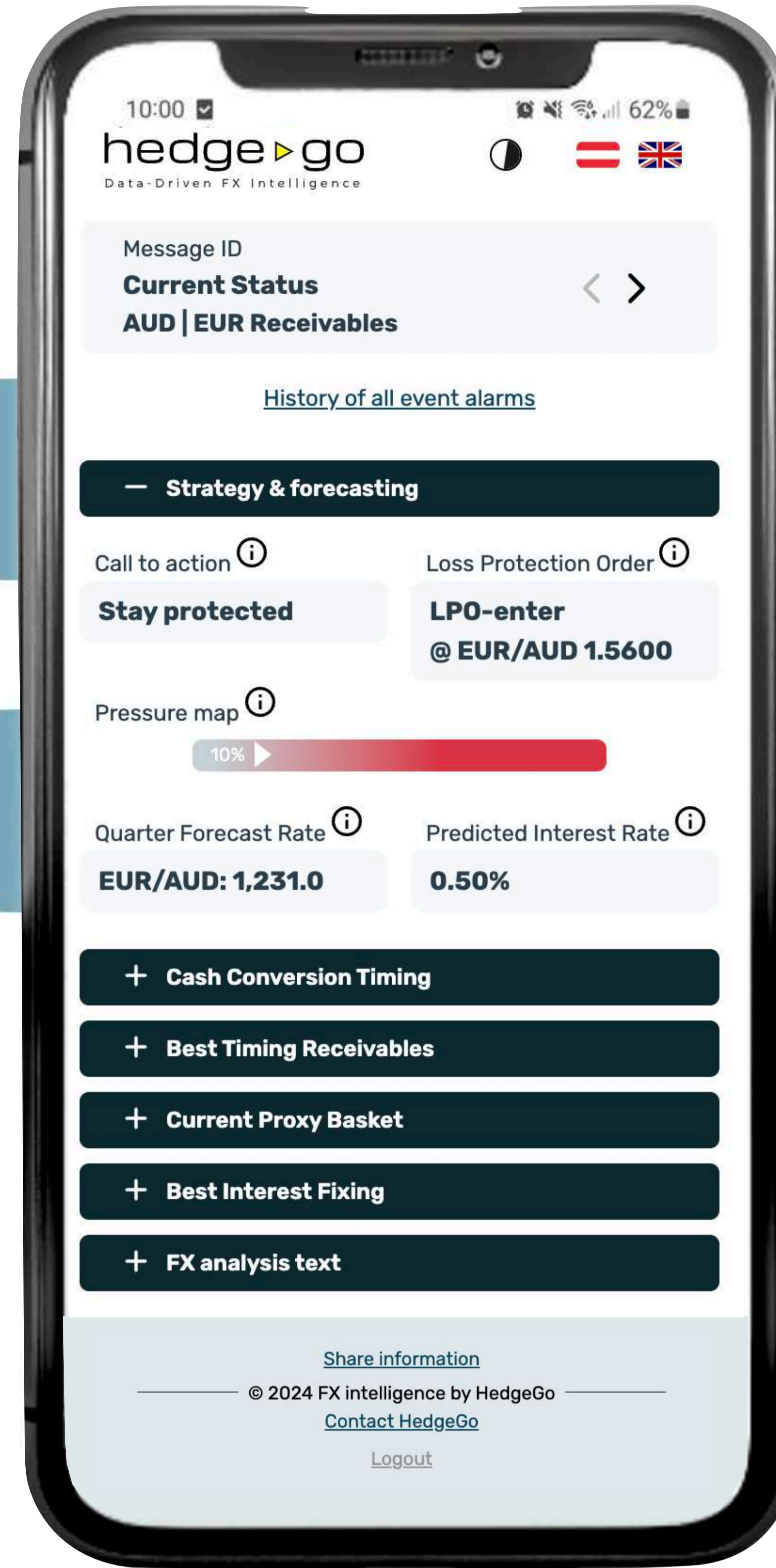
**Call to action**

Our FX intelligence communicates well-timed calls to action based on trend changes. **Goal:** Balanced ratio of balance sheet and liquidity protection and reduction of administrative expenses.

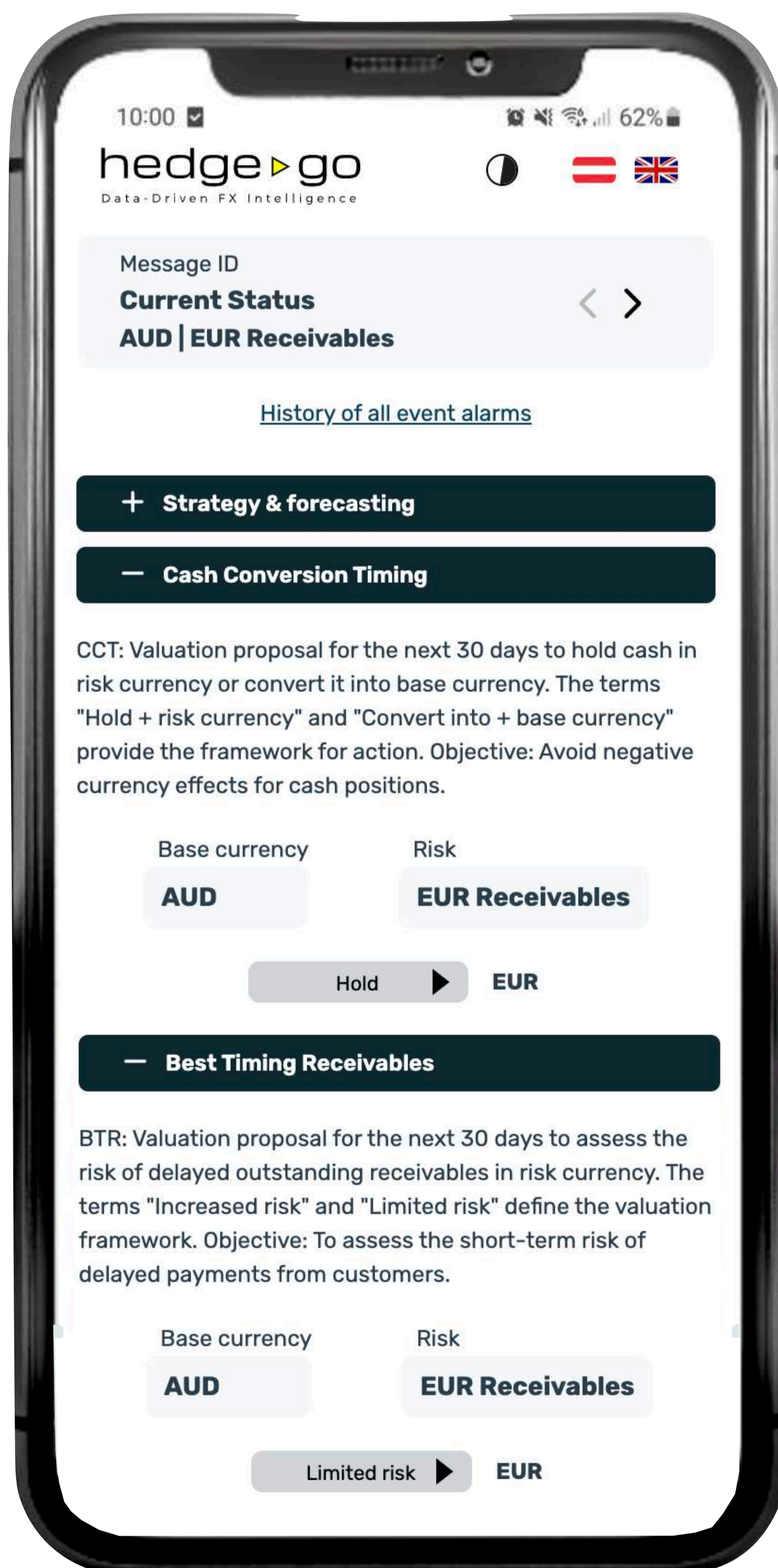


**Loss protection order**

Loss protection orders recommend a price threshold that hedges the current position against an unexpected contrary development. The aim is to avoid losses from poor developments and make the most of advantageous trends. **Goal:** A balanced relationship between balance sheet and liquidity protection.



**HedgeGo decision data**



**Quarter Forecast Rate**

Forecast of the next quarterly exchange rate. **Goal:** Market-oriented valuation of balance sheet rates.



**Predicted Interest Differential**

Forecast of the interest rate differential for the next quarter. **Goal:** Decision-making aid for hedging transactions.



**Pressure Map**

The pressure map shows on a scale of 0% to 100% how likely a currency pair is to change its trend within the next 5 working days. **Goal:** Check positions, volumes and maturities with



**Cash Conversion Timing**

Valuation proposal for the next 20 working days to hold cash in risk currency or convert it into base currency. The terms "Hold + risk currency" and "Convert into + base currency" provide the framework for action. **Goal:** Avoid negative currency effects for cash positions.



**Best Timing Payables**

Timing proposal for the next 20 working days to settle outstanding liabilities in risk currency. The terms "Pay: Pay now" and "Delay: Make payments later" provide the framework for action. **Goal:** Pay earlier than the payment target if it brings advantages.



# FX decision data in practice



**Gerhard Massenbauer**  
CEO HedgeGo

Welcome to the next generation of FX management!

We run an automated analysis environment to deliver relevant decision data to FX treasuries. Our Goal: to improve business resilience and competitiveness. The automated information, which is constantly improved by algorithms, provides a condensed view of relevant developments, reduces the effort required for decisions and enables an improved balance between cash flow at risk and value at risk.

Now I and my team are ready to deliver fully automated FX decision data for your daily challenges

50 bn €

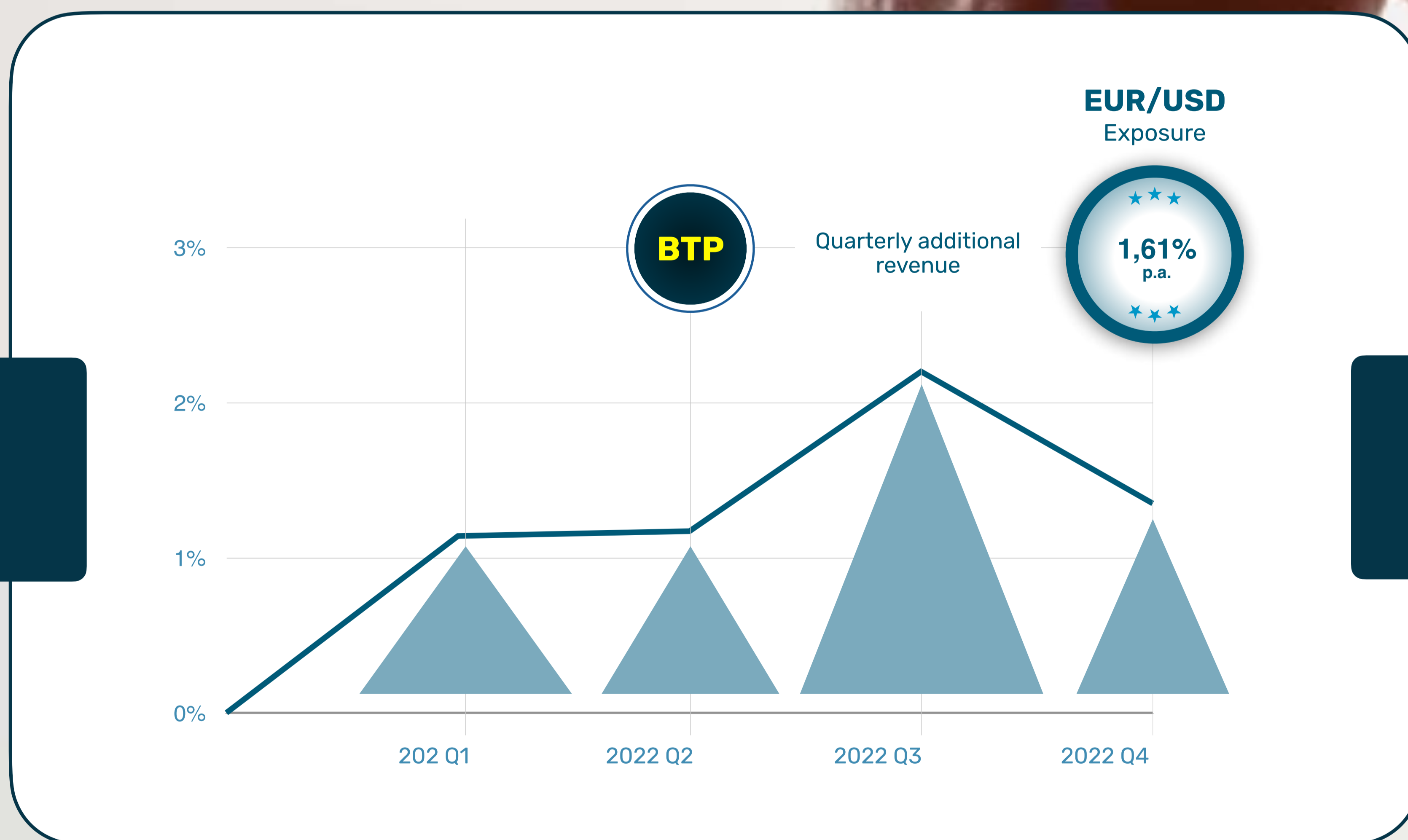
controlled by FX decision data

20

currency pairs available

4%

higher profitability p.a.



## Recommended by: Latest resilience technology available for your treasury

The innovation lab powered by TMI and set in motion in partnership with J.P.Morgan aims to discover the Fintech and Digital Banking stars of tomorrow. HedgeGo is honoured to be mentioned by such an empowering platform, delivering measurable impact to the treasury world.



## The real value

Our "X-Factor" reveals your return on investment when using HedgeGo's decision data for educated FX management.



The calculation is based on 10.000.000 € EUR/USD Receivables exposure for the time period of 2014-2024. The return on investment "The X Factor" is shown as p.a.



## Contact

The information in our presentations and on our websites is marketing communications (pursuant to § 36 (2) WAG) or other information (in accordance with the circular of the Financial Market Supervisory Authority on information including marketing communications pursuant to WAG 2007) and not investment analyses (pursuant to § 36 (1) WAG). The marketing communications have not been prepared in compliance with the legislation promoting the independence of financial research and are not subject to the prohibition of acting following the dissemination of financial research.

Our presentations, financial analyses and conclusions are of a general nature and do not take into account the individual needs of our listeners with regard to income, tax situation, risk appetite or suitability of the financial instruments. The information on our websites are marketing communications (pursuant to section 36 para. 2 WAG) or other information (pursuant to the circular of the Financial Market Authority on information including marketing communications pursuant to WAG 2007) and not financial analyses (pursuant to section 36 para. 1 WAG). The marketing communications were not prepared in compliance with the legal provisions promoting the independence of financial analyses and are not subject to the prohibition of trading following the dissemination of financial analyses.

Our presentations, financial analyses and conclusions are of a general nature and do not take into account the individual needs of our audience with regard to yield, tax situation, risk disposition or suitability of financial instruments....

The performance and sample calculations presented do not allow reliable conclusions to be drawn about future performance. References to past performance do not guarantee positive developments in the future. Transactions with financial products can be risky (e.g. securities, futures, options and others).

The information does not constitute investment advice or recommendations, nor does it constitute an offer, recommendation or invitation to make an offer to buy or sell the financial products mentioned or to include them in a trading strategy.

The information comes from sources that we consider reliable and complete. We have researched it carefully and compiled it to the best of our knowledge, but it is passed on without guarantee. Neither we, the companies affiliated with us nor our employees, board members or other representatives expressly or implicitly assume liability for the topicality, completeness and correctness of the content of the information provided.

Furthermore, neither we, the companies affiliated with us nor our employees, directors or other representatives shall be liable for any loss or damage of any kind (including consequential or indirect damages or lost profits) arising out of or in connection with the access to, use of or reliance on the content of the information provided.

We reserve the right to make changes at any time without prior notice.

The performance and example calculations presented do not allow reliable conclusions to be drawn about future developments. Indications of past performance do not guarantee positive developments in the future. Trading in financial products can be risky (e.B. securities, futures, options and others).

The information does not constitute investment advice or recommendation, nor an offer, recommendation or invitation to make an offer to buy or sell the aforementioned financial products or to include them in a trading strategy.

The information comes from sources that we consider reliable and complete. We have carefully researched them and compiled them to the best of our knowledge, but the transfer takes place without guarantee. Neither we, the companies affiliated with us nor our employees, board members or other representatives expressly or implicitly assume liability for the topicality, completeness and correctness of the content of the information provided.

Furthermore, neither we, our affiliated companies nor our employees, managing directors and other representatives shall be liable for any loss or damage of any kind (including consequential or indirect damages or loss of profit) arising out of or in connection with access to, use of or reliance on the content of the information provided.

We reserve the right to make changes without prior notice at any time.



HedgeGo GmbH  
Promenadegasse 51,  
A-1170 Wien

Company reg.no.: FN 573560x

W. [hedgego.com](https://www.hedgego.com)  
E. [info@hedgego.com](mailto:info@hedgego.com)

P. +43 1 3155472