

CURRENCY HEDGING STRATEGY



Incorporated in 2004 as Kedia Commodities by Mr. Vijay Kedia. Later on, diversified business into other segments of Financial Markets i.e. Equities, Currencies & Mutual Funds becoming the India's 1st Unified Licensed Stock Broker approved by SEBI - 2017.

Mission & Vision

- To emerge as the one-stop resource and comprehensive solution provider that every investor can contact for all investment needs, support and advice.
- To offer research and personalized services that empower investment with timely updates about the Financial Markets
- To help individuals in creating, managing & preserving Wealth over the long-term horizon.

Awards, Achievement & Recognitions

- Business Excellence Award by Zee Business, 2016
- 1st Company in the Country with Unified Stock Broking License Approved by SEBI, 2017
- Best Commodity Advisory Company Awarded by MCX, 2018
- Best Commodity Advisory by NCDEX, 2021 and 2022
- Presence as Opinion Board of Zee Business, CNBC, ET Now & other prominent Business Channels



This Presentation is for **Educational Purposes Only**.

Below given Commodities are Not Calls or Recommendations to Buy or to Sell. We at Kedia Advisory don't have any positions in any of the Commodities given below.



Contract Specifications (USDINR)	
Market Type	N
Instrument Type	FUTCUR
Unit of Trading	1 - 1 unit denotes 1000 USD.
Underlying Quotation / Order	The exchange rate in Indian Rupees for US Dollars
Tick Size	0.25 paise or INR 0.0025
Trading Hours	Monday to Friday 9:00 a.m. to 5:00 p.m.
Contract Trading Cycle	11 serial weekly cycle (excluding expiry week wherein monthly contracts expires on a Friday) and 12 month trading cycle.
Last Trading Day	All weekly expiration contracts will expire on Friday of the expiring week
Quantity Freeze	10,001 or greater



Hedging

- Hedging, whether in your portfolio, your business, or anywhere else, is about decreasing or transferring risk.
- Hedging is a valid strategy that can help protect your portfolio, home, and business from uncertainty.
- Besides protecting an investor from various types of risk, it is believed that hedging makes the market run more efficiently.



Why one should Hedge

**When is the Right
Time to Buy Life Insurance?**
A Day before you Die



Importer's Condition

22nd November, 2022

Suppose you place an order for \$1000, at market price of Rs.82, then total= Rs.82,000/-

22nd December, 2022

Assuming, The market price is now Increased at Rs.85, then total = Rs.85,000/-



The Importer has to incur a loss of $(85-82=3)*1000=$
Rs.3,000



Case Study 1: Importer

In order to Hedge the position, the Importer should Buy Futures @ 82 on 22/11/2022

After a Period of 30 days

If USD\$ reaches 85 (Sell the Future @ 85 on 22/12/2022.)	SPOT	$= (82 - 85) * 1000$ =Rs. -3000	No Profit No Loss No Impact on P/L
	FUTURE	$= (85 - 82) * 1000$ =Rs. +3000	

NET= 0



Case Study 2: Importer

In order to Hedge the position, the Importer should Buy Futures @ 82 on 22/11/2022

After a Period of 30 days

If USD\$ reaches 80 (Sell the Future @ 80 on 22/12/2022.)	SPOT	$= (82 - 80) * 1000$ =Rs. +2000	No Profit No Loss No Impact on P/L
	FUTURE	$= (80 - 82) * 1000$ =Rs. -2000	

NET= 0



Exporter's Condition

22nd November, 2022

Suppose you place an order for \$1000, at market price of Rs.82, then total= Rs.82,000/-

22nd December, 2022

Assuming, The market price has now fallen to Rs.80, then total = Rs.80,000/-



The Exporter has to incur a loss of $(82-80=2)*1000=$
Rs.2,000



Case Study 1: Exporter

In order to Hedge the position, the Exporter should Sell Futures @ 82 on 22/11/2022

After a Period of 30 days

If USD\$ reaches 80 (Buy the Future @ 80 on 22/12/2022.)	SPOT	$= (80 - 82) * 1000$ $= \text{Rs. } -2000$	No Profit No Loss No Impact on P/L
	FUTURE	$= (82 - 80) * 1000$ $= \text{Rs. } +2000$	

NET= 0



Case Study 2: Exporter

In order to Hedge the position, the Exporter should Sell Futures @ 82 on 22/11/2022

After a Period of 30 days

If USD\$ reaches 85 (Buy the Future @ 85 on 22/12/2022.)	SPOT	$= (85 - 82) * 1000$ $= \text{Rs. } +3000$	No Profit No Loss No Impact on P/L
	FUTURE	$= (82 - 85) * 1000$ $= \text{Rs. } -3000$	

NET= 0



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Thank You

