Forward FX Rate Calculation

[See the previous W5 version guide.]

PURPOSE

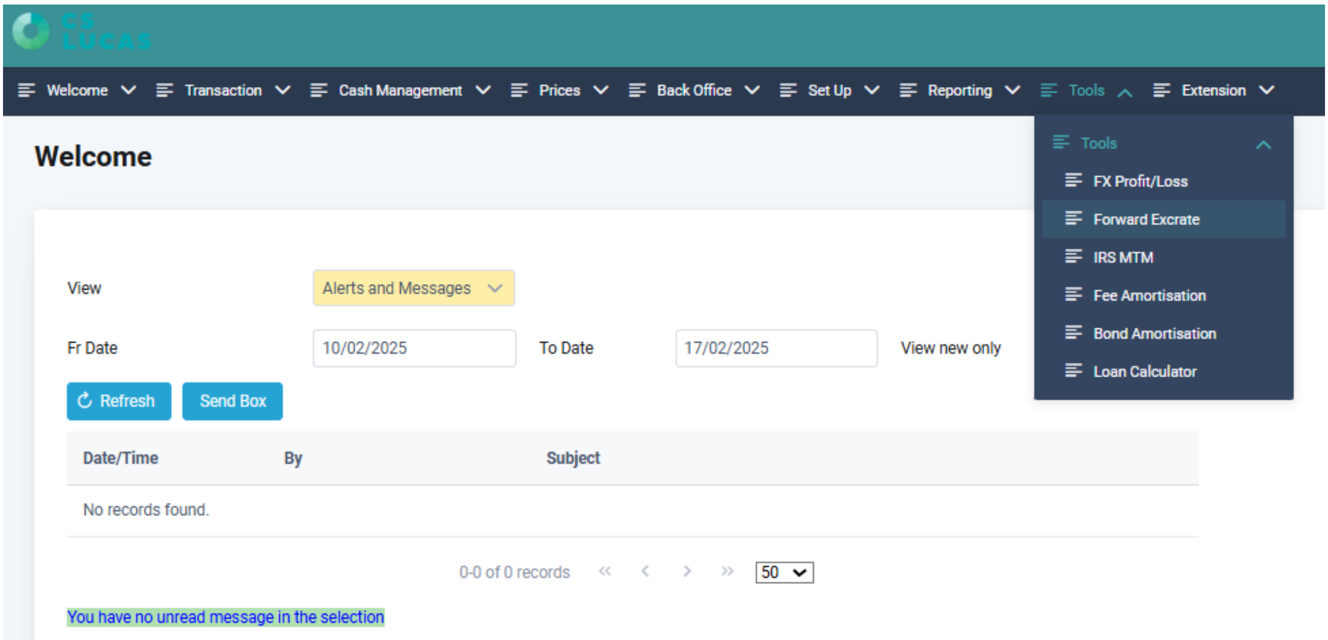
This document provides the formulae and detail computation used by CS Lucas for computing forward FX rate.

WHY IS THIS IMPORTANT?

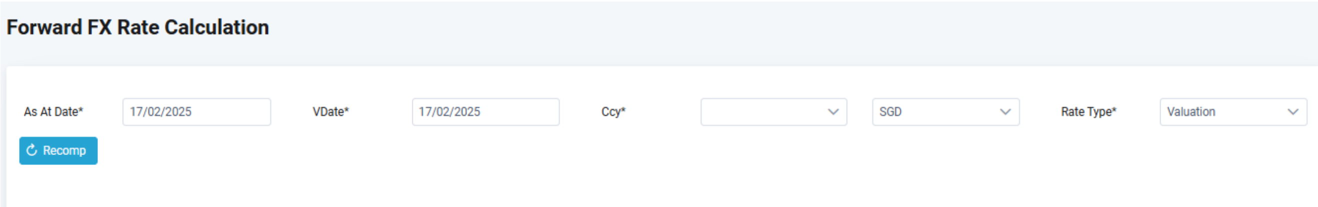
This allows users to verify the formula and methodology used by CS Lucas to compute the forward FX rate.

PROCEDURE

1. From the main menu, click Tools > Forward Excrate.



2. The following page displays.

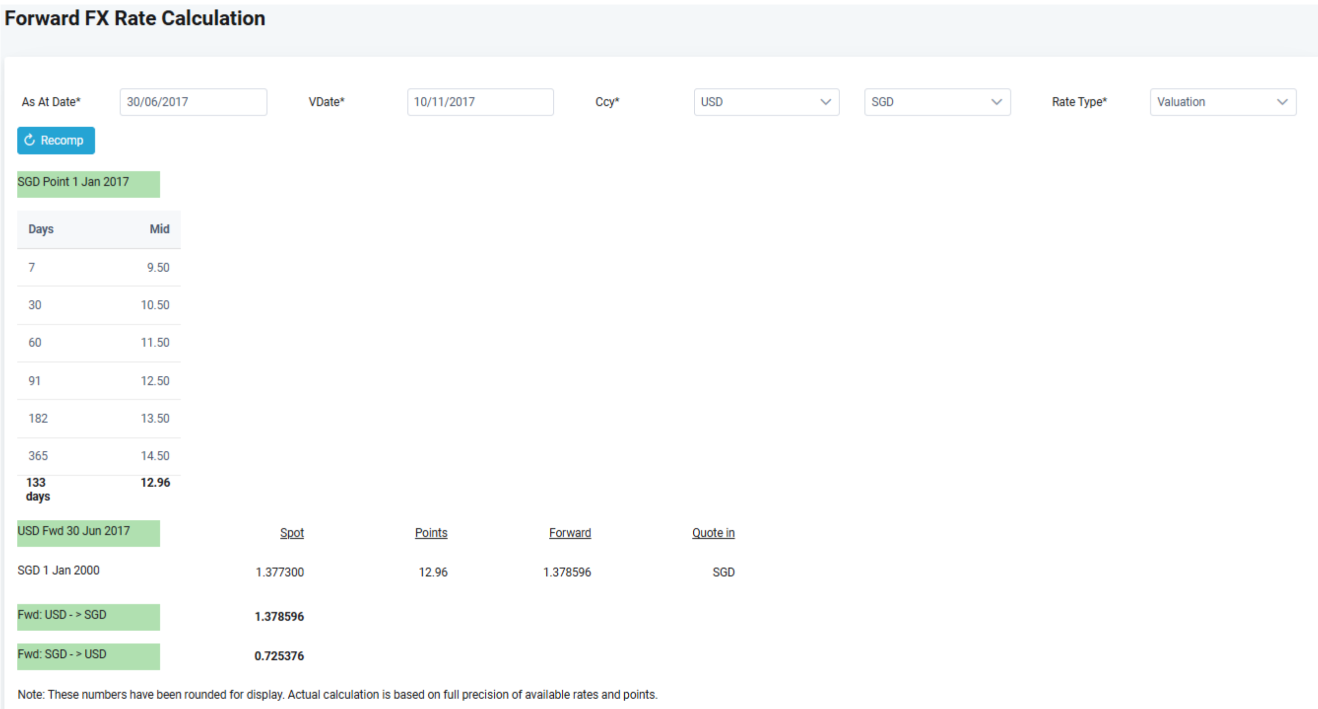


3. Select the reporting as at date for MTM and the FX transaction's VDate. By default, it is the system date.

4. Select the FX transaction currencies.

5. Select the exchange rate to be used for computing FX forward rate. Exchange rate types are Valuation, Accounting and Alternative.

6. Click Recomp.



7. The system displays the computation for the FX forward rate.

<u>Analysis for the interpolation of the FX forward points</u>

As At Date: 30 Jun 2017

Swap points maintained as follows:

Days	Bid	Offer	Mid
1	-0.4	0.6	0.1
7	-1	-0.8	-0.9
30	-9.58	-4.58	-7.08
60	-13.8	-13	-13.4
91	-20	-19	-19.5
182	-40	-38	-39
365	-72.5	-66.5	-69.5
547	-124.88	-71.95	-98.415
730	-162.82	-87.82	-125.32

No. of days	Interpolated Fwd pts (mid)	Spot Rate	Fwd Rate
133	-28.5000	1.37670	**1.37385**

Total days from reporting as at date to transaction's value date = 133 days

As At Date	30-Jun-17
VDate	10-Nov-17
	133

Calculation for the interpolated forward points = (-39 -(-19.5)) / (182-91) * (133-91) + (-19.5)

= -28.5

Spot rate is from exchange rate maintained on the reporting as at date, 30 Jun 2017. If no rate maintained, the last available rate will be used.

Fwd Rate = 1.37670 + (-28.5/10000)

= 1.37385

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

FX MTM Specification

Creating and Maintaining Swap Points

Maintaining Exchange Rate

CHANGE HISTORY

Date	By	Changes
15-Feb-2008	-	Created.
8-Sep-2017	TS	Reformatted. Rewritten.
25-Nov-2019	Lyra	Updated Screenshots.
17-Feb-2025	Lyra	Updated to W6 instructions and screenshots.