# **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.

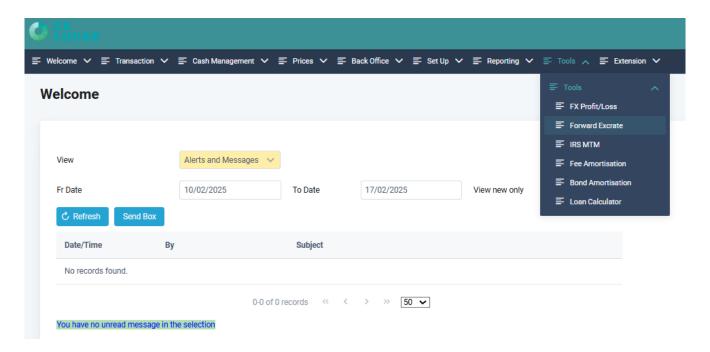
#### **WHY IS THIS IMPORTANT?**

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

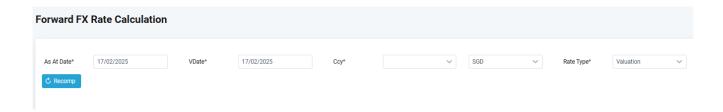
#### **PROCEDURE**



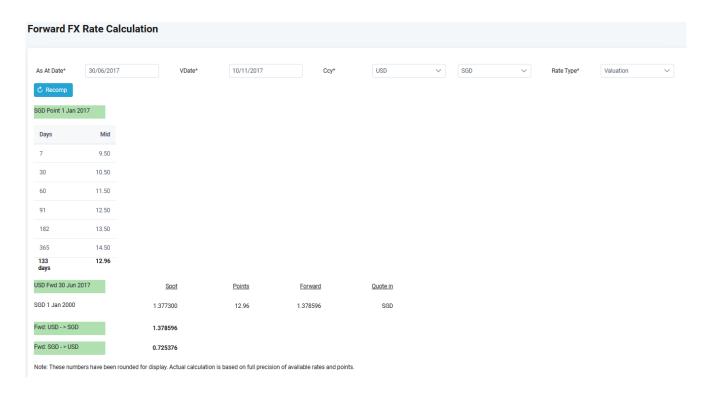
1. From the main menu, click Tools > Forward Excrate.



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.

Analysis for the interpolation of the FX forward points

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

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