MONEX

Case Study Receiving Foreign Funds

As a leading provider of corporate foreign exchange (FX) and global payment solutions, we focus on understanding our client's business to tailor our products and services to best manage their currency needs. The following case study illustrates how Monex USA was able to help a client secure better market value using FX tools and services.

Scenario

A seafood distributor based in New York was contracted to supply a few chain restaurants in Canada with fresh seafood. The contract was negotiated in Canadian dollars (CAD), meaning the US-based client would receive 264K CAD (~$203K) over the course of 9 months.
The client expected to receive:

- *66,000 CAD (25%) within 4 months*
- *198,000 CAD (75%) no later than 10 months*

Challenge

The seafood supplier faced unfavorable exchange rates when purchasing seafood from overseas markets, exceeding their planned budget. They assumed their bank would provide a fair rate, but were concerned about losing valuable time comparing rates with other banks, potentially missing out on securing high-quality seafood at the right price.

Strategy

In order to help the company maximize its return, a strategy was drawn up by their Monex USA specialist, which involved using 2 window forwards with a delayed open date to repatriate funds back to USD.

- *66K CAD (25%) window forward opening in 3 months and closing 5 months out*
- *98K CAD (75%) window forward opening in 9 months and closing 11 months out*

*"Even though FX is a **small part** of my business, it has a **big impact** on our bottom line. It's comforting to know my account manager is always keeping up with the **(FX) market** for me."*

Outcome

By pushing back the open date on the window forwards, the client was able to take advantage of the interest rate differentials and gain a better exchange rate. The strategy enabled the client to earn a profit versus converting at the bid-side spot price.

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