

No.1 Currency Protects Businesses from FX Fluctuations

Recent research from No.1 Currency indicates that tough times lie ahead for Scottish businesses involved in international trade, as the pound falls to its lowest ever value against the euro.

Aug. 26, 2008 - [PRLog](#) -- According to No.1 Currency, businesses which rely on the import of international goods, to Scotland will struggle as the pound plummets in value.

Currency fluctuations can make a significant impact on business profits, especially for those small and medium-sized enterprises (SMEs) with typically low profit margins.

The down turn in the economy is having its biggest impact on local businesses trading from Scotland who have failed to protect themselves against currency fluctuations.

But Scotland is not alone, it is estimated that 60% of SMEs in the UK, that conduct some of their business in a foreign currency, have no formal strategy to manage the risks of the foreign exchange (FX) market.

Mark McElney of No.1 Currency, said, "International commerce has increased, both across the UK and here in Scotland. It is vital that all companies that rely on international export and import or deal in foreign currencies protect themselves against the risks of the FX market"

Scotland's smaller and unprotected trade businesses, who rely on importing goods, will suffer the most from the current state of the economic climate.

At the beginning of the year, a company importing €100,000 worth of widgets would have cost approximately £70,000, however, today this import would cost £80,000.

For smaller companies with a low profit margin, this £10,000 extra cost to purchase widgets from abroad, could seriously affect the business' bottom line.

For those forward thinking companies, Edinburgh-based No.1 Currency, a leading international foreign currency specialist, has been protecting Scottish businesses of all sizes from this down turn in the economy with its forward contract options.

A forward contract allows a company to fix an exchange rate up to year in advance. This enables companies to lock into favourable exchange rates, while providing the added security of knowing exactly how much a future transaction will cost.

Mr McElney said "Few companies these days are truly isolated from the volatilities of the FX market. Those companies with a direct involvement have a duty to protect themselves."

"The forward contract is the most widely used option for currency hedging, this is because, at no cost to the customer, we provide a risk-free predetermined exchange rate."

"Essentially we take on the currency fluctuation risk involved with the transaction, allowing our clients to plan and forecast their finances in a secured environment."

For more information visit www.no1currency.com

<http://no1currencypresscentre.blogspot.com/>

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Founded in 1996, Edinburgh-based No.1 Currency is the UK's fastest growing independent foreign currency specialist.

No.1 Currency is accessible to all, providing safe and secure worldwide money transfers for individuals and corporate clients, as well as competitive Bureau de Change services.

No.1 Currency offer a range of products to cover corporate clients currency needs, from immediate Spot Price contracts to longer-term Forward and Time-Option Forward contracts, as well as a Limit or Stop Loss Order which protects businesses from adverse currency movements.

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