



**PENHALLOW ASSOCIATES LIMITED**  
A Financial Knowledge Company

## **Currency Options**

**Classroom Duration: 2 Days, Price: £1,245**

**Virtual Learning: Duration: 12 Hours, Price: £1,120**

### **Course overview**

Knowledge of currency options is fundamental to understanding financial markets. This course delivers a comprehensive and practical introduction to the currency options markets, from the basics of currency options to some trading strategies. It is focused throughout on current market practice with many actual and recent examples in the material and exercises.

### **Agenda**

#### **DAY ONE**

##### **Summary of Key Elements of Derivatives**

- Definitions
  - Derivative vs. Cash instruments
  - On and off balance sheet
  - Advantages of derivatives
- Terminology
  - Puts and Calls
  - Intrinsic value
  - Early exercise vs. exercise at expiry
  - Optionality
- The 'Golden rules' of derivatives
- Identifying the main determinants of premium
  - Volatility
  - Time value
  - Intrinsic value

## **Understanding Currency Options - Part 1**

- Understanding drivers of pricing
- Premiums
  - Risk/reward profile of paying premiums
  - Buying vs. Selling
  - Zero-premium option strategies
- The essential concepts of intrinsic and time value
- Assessing European vs. American styles of currency options
- Pay-out profiles

## **DAY TWO**

### **Understanding Currency Options - Part 2**

- Discussing market applications
  - Uses as hedging instrument
  - Uses for speculative purposes
  - Are options 'expensive'?
  - Examining 'worthless' expiry and what it means
  - Essential 'DOs' and 'DON'Ts' of options
- Exercise: Currency Options
  - Importer facing currency fluctuations
  - Impact on pricing in his local market
  - Which options are appropriate?

### **Understanding Currency Options Part 3**

- Corporate case studies
  - Examination of firms that have publicly complained about impact of strong domestic currency on exports, sales, etc.
- Analysing synthetic options
  - Using combination of options to create cost-effective strategy
- Using the 'Greeks'
- Delta interpretation and hedging
  - Significance of delta on pricing, strategy, etc.
  - Relationship between delta and hedging decisions and policy
- Constructing effective strategies through spreads, strangles, and straddles

## Trainer Profile



Wayne Andrews is Managing Director of Gracechurch Treasury Risk Consultants Ltd, a UK-based financial markets training and consultancy company which specialises in providing exam-related and general training to junior and senior participants in the treasury, foreign exchange, derivative and capital markets.

He has more than forty years of experience in the financial markets in a variety of roles, most recently as Head of Treasury and Investments Division at Commercial Bank International (“CBI”) in Dubai. He has been delivering training for the Financial Markets Association (“ACI”) examinations since 1998, and has completed successful training engagements for the Institute of Banking at SAMA, Riyadh, the Emirates Institute of Banking and Financial Studies in Sharjah, UAE, and a number of commercial and charitable entities, including the Reuters Foundation.

He has acted as an expert witness in financial lawsuits in the High Court in the UK. He also works as a consultant with a variety of corporate clients across the UK and Middle East regions, advising them on hedging and risk management strategies for their exchange rate and interest rate exposures.

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