

Use a statistical bias to optimize your currency risk management

OptionX

Free trial available exclusively on Bloomberg Terminal

APPS OPTIONX <GO>

Click to schedule demo



Corporate treasury



Corporate treasury: treasury specialist, CFO, risk management, executive management

Banking



Banks: Rates and FX sales desks, strategy and research teams

Pension funds and hedge funds



Pension and hedge funds: Portfolio Managers, desks with direct or indirect exposure to FX

Risk Management

- Gain a concise and clear picture of tail risk involved in your specific currency hedge
- Reduce significantly time spent in making hedging decisions in various market conditions
- Incorporate a more objective and systematic approach to currency hedging
- Enhance risk monitoring and control procedures
- Lower overall costs by improving pricing from the banking and brokering community

Unique hedging tool

- Employ a unique mathematical model that does not exclusively rely upon implied volatility sample paths in volatility estimations
- Benefit from optimized hedging levels that draw from near 5 decades of volatility and interest rate data
- Determines positive payoff paths with multiple time frames of the underlying currency risk exposure, as depicted on the Best Hedge table

Key features

- ✓ Rule based
- ✓ Fully automated
- ✓ 500+ currency pairs
- ✓ Reduce time preparing hedging structures
- ✓ Lower fees by improving pricing and strategy

OptionX ApS

Jaegersborg Allé 1, 2920 Charlottenlund, Denmark

Telephone Copenhagen +45 25945050

Web: optionx.ai

Email: bloomberg@optionx.ai

How will OptionX give me a positive edge in hedging my currency exposure?

OptionX employs a proprietary computational model, which uses the holding periods of the underlying currency risk to measure the performance of a specified hedging strategy. This leaves the hedger with a clear answer to a key hedging question: Are *the statistical bias and odds* in favor of a profitable performance over the specified holding period of the hedging strategy or should an alternative approach, such as a forward outright, be undertaken.

What is so special about OptionX?

The computation of the OptionX system delivers something, which currently does not exist in the market: the ability to measure an outcome, whereby the price of the relevant holding period as *well as the probability and the size of the payoff* are all taken into consideration in formulating the most optimum and beneficial hedging structures. This is done in a fast and easy-to-use software that gives access to 500+ currency pairs.

Use OptionX’s unconventional analytics to re-define your market risk

- OptionX provides an alternative insight into implied volatility, which we believe to be flawed insofar as much of the large-size changes in currencies tend to unfold in sharp moves and giving way to mispricing of tail risk.
- OptionX gives clear insight into what the trade-offs are between real time option strategies and currency forward outright contracts
- Risks posed by currencies tend to be most dangerous when they are difficult to observe through the bell-shape distribution. OptionX employs a unique mathematical model that deliver risk analytics that directly addresses this shortcoming
- In low volatility and negative rates markets, market participants tend to forget about the probability of rare events. OptionX delivers a more comprehensive statistical approach to tail risk

Currency Pair EURUSD	QUERY COMPLETED				OPTIONX	CONTACT	SETTINGS					
Price Date 08_03_2020	RANKING		STRATEGIES		SCENARIO BUILDER		OPTIONS BOARD	PAYOFF	BENCHMARK			
Expiry Date 01_29_2021	Hedge Maximization		Hedge Protection		FX Volatility		Premium Cost		Total Cost			
Risk Type Receivables	1 VANILLA HEDGE				2 RISK REVERSAL				3 FORWARD EXTRA			
Notional 1,000,000	Strike	Rate	Distance	Probability	Strike	Rate	Distance	Probability	Strike	Rate	Distance	Probability
Max Unfavourable Move 4% 1.1263		1.3961	19%	0%		1.3961	19%	0%		1.3961	19%	0%
Max Cost of Structure 2.1%		1.2788	9%	26%		1.2788	9%	26%		1.2788	9%	26%
		1.1849	1%	100%		1.1849	1%	100%		1.1849	1%	100%
		1.1732	0%			1.1732	0%			1.1732	0%	
		1.1615	-1%	90%		1.1615	-1%	90%		1.1615	-1%	90%
		1.0676	-9%	18%		1.0676	-9%	18%		1.0676	-9%	18%
		0.9503	-19%	4%		0.9503	-19%	4%		0.9503	-19%	4%
	Premium Cost	1.62%			Premium Cost	1.04%			Premium Cost	0.00%		
	Total Cost	2.35%			Total Cost	1.82%			Total Cost	0.91%		
	Structure	VANILLA HEDGE			Structure	RISK REVERSAL			Structure	FORWARD EXTRA		
	Currency Pair	EURUSD			Currency Pair	EURUSD			Currency Pair	EURUSD		
	Hedge Score	10.62			Hedge Score	8.98			Hedge Score	6.45		
	Metrics (HP/OG/FPF/RR)	5.37/6.39/1.14/3.31			Metrics (HP/OG/FPF/RR)	5.36/4.80/1.18/3.34			Metrics (HP/OG/FPF/RR)	5.20/2.55/1.30/3.36		
	Spot @ Expiry	...			Spot @ Expiry	...			Spot @ Expiry	...		
	Profit and Loss	...			Profit and Loss	...			Profit and Loss	...		
Calculate		Buy Put			Sell Call	Buy Put			Sell Up & In	Buy Put		
Total Cost 6.1%		1.1646			1.2473	1.1641			1.2623	1.1625		
Price Date 08/03/20 13:01:40		USD	190		USD	66	USD	188	USD	182	USD	182
Spot 1.1732		RFQ			RFQ			RFQ				
Forward 1.1780												