

TREASURY PRODUCT

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Krit Tayakeepisuth 5704640712
Krit Pongsomboon 5704640720
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DEFINITION

Management of an enterprise's holdings, with the ultimate goal of managing the firm's liquidity and mitigating its operational, financial and reputational risk.



RISK
MANAGEMENT

A circular graphic with a thick blue border and a white center. The words "RISK" and "MANAGEMENT" are written in a bold, blue, serif font, stacked vertically in the center. The graphic has a subtle drop shadow.



The diagram features a large light blue circle on the right containing the text 'TREASURY PRODUCT'. A thin light blue line extends from the bottom of this circle to a larger light blue circle on the left. Inside this larger circle is a vertical stack of seven horizontal bars, each containing a financial instrument name. The bars alternate in color: light blue, yellow, light blue, yellow, light blue, yellow, and light blue. To the right of the diagram is a black silhouette of a classical building with four columns and a triangular pediment.

TREASURY PRODUCT

Foreign Exchange

Forex Option

Dual Currencies Deposit

Precious Metals

Fixed Income Securities

Interest Rate Future(IRF)

Interest Rate Swap(IRS)



Foreign Exchange

Definition

Conversion of one currency into another currency, and the value of currency is depending on the factors of demand and supply.

Forex market

Forex markets are made up of

- Bank
- Commercial Companies
- Central Banks
- Investment management firm
- Hedge funds
- Investors



Forex Option

1 Traditional Call/Put

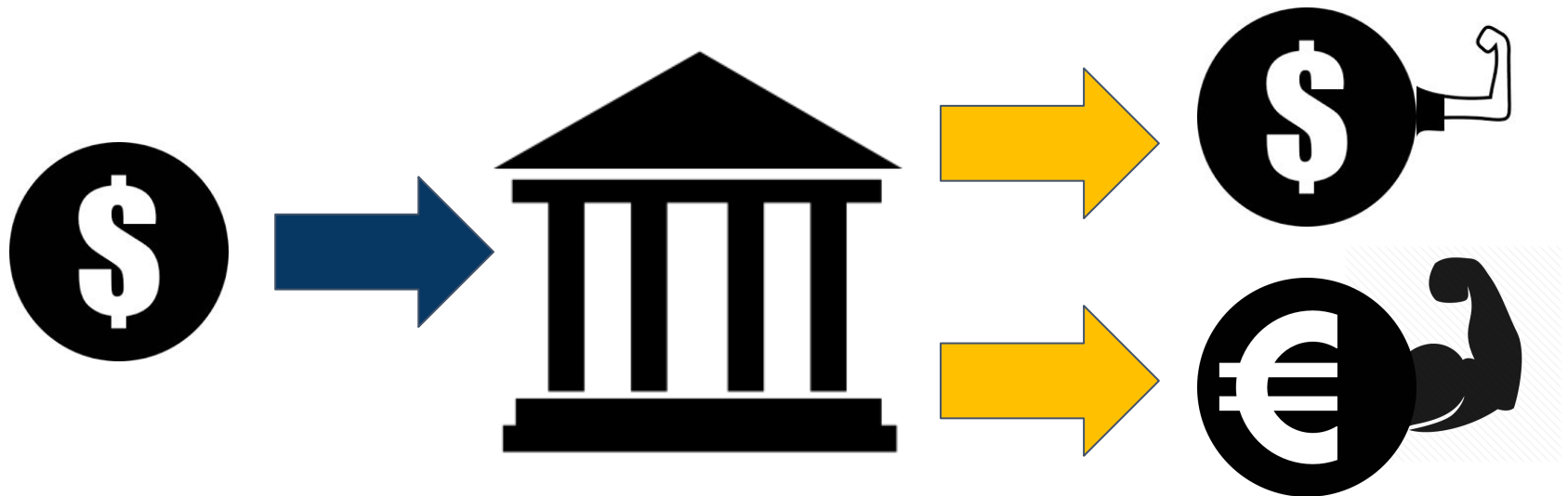
- Ex. option to buy two lots of USD/THB for 35 in one month
- Price rise above profit
- Fall below loss

2 SPOT

The trader inputs a scenario obtains a premium (option cost) quote, and then receives a payout if the scenario takes place.

Dual Currencies Deposit

A foreign exchange linked deposit in which the principal can be repaid after being converted into the alternative currency at the strike rate at maturity depending on the spot foreign exchange rate.



Precious Metals

Definition

Classification of the metals that are considered to be rare or have high economic value ex. gold, platinum and silver

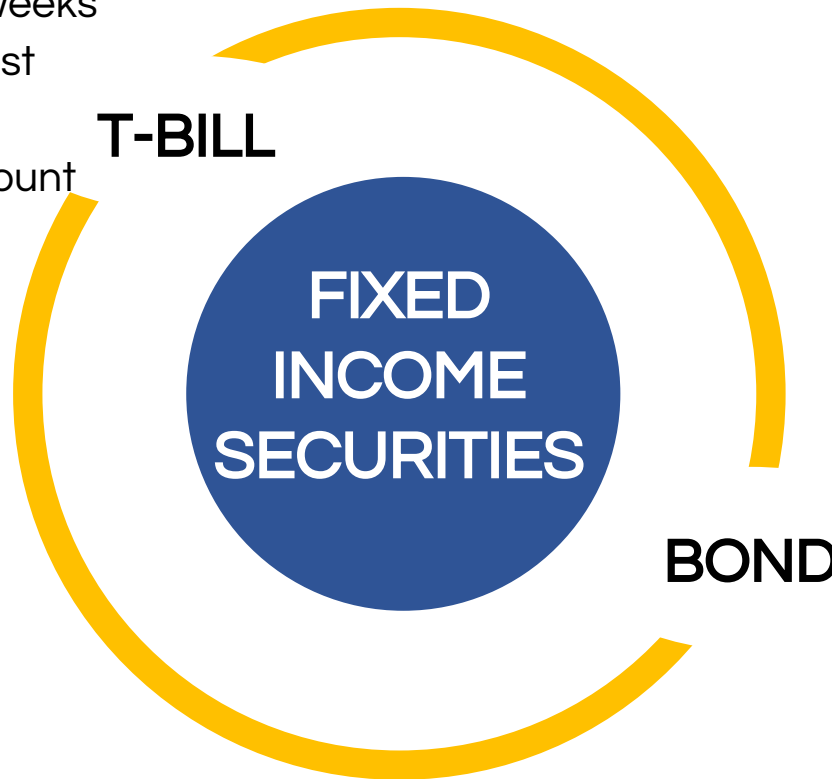


Trade Channels

- Physical Assets
- Futures Contracts
- ETFs
- Hedges

Fixed Income Securities

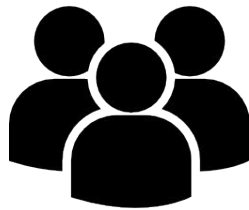
- Issued by government
- Shortest maturity
- Few days to 52 weeks
- No regular interest payment
- Regular sell discount from par value



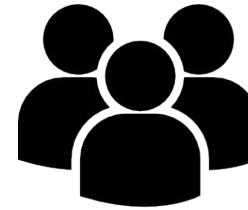
- Obligation or loan
- Fixed maturity date
- Issue by government and corporation
- Regular interest payment

Interest Rate Future(IRF)

“a futures contract with an interest-bearing instrument as the underlying asset.”



Borrowers



Lenders

Benefits:

Investors - risk of lower interest rates.

Issuers - risk of higher interest rates.

Hedge and lower cost.

Purpose: hedge and speculate of the fluctuations on interest

Where: purchase online.

“Price then time”

Example:

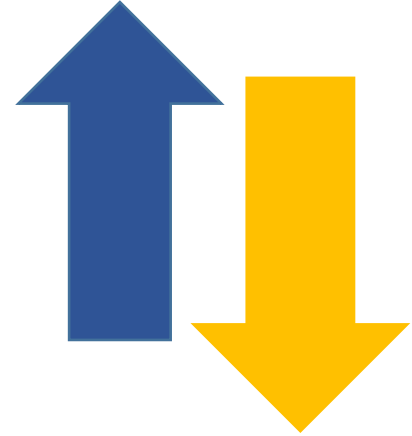
THBFIX Futures

5Y Gov't Bond Futures

Interest Rate Swap(IRS)

- Agreement between 2 counterparties
- Specific principal amount

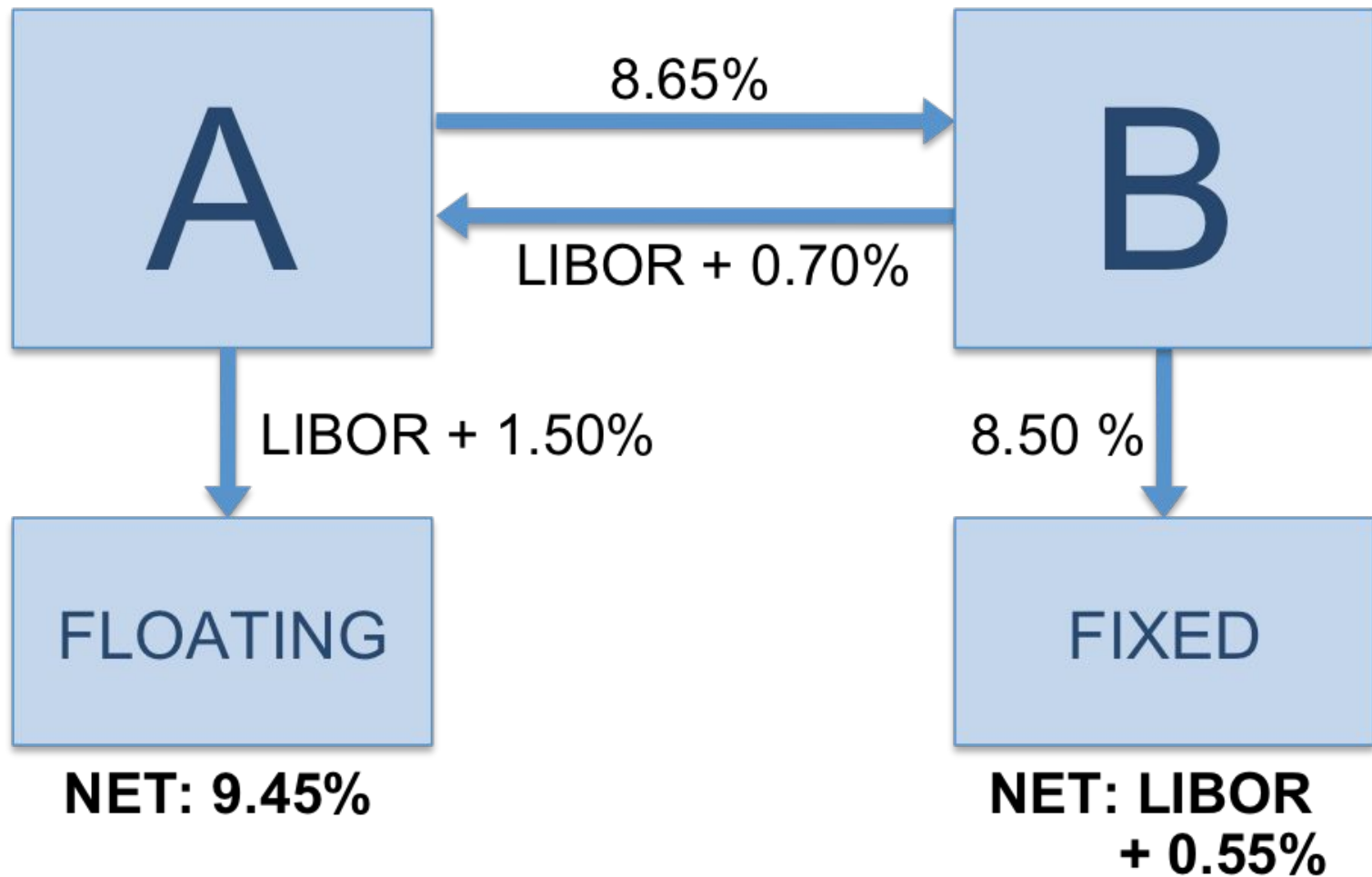
- Fixed to Floating
- Floating to Fixed
- Float to Float



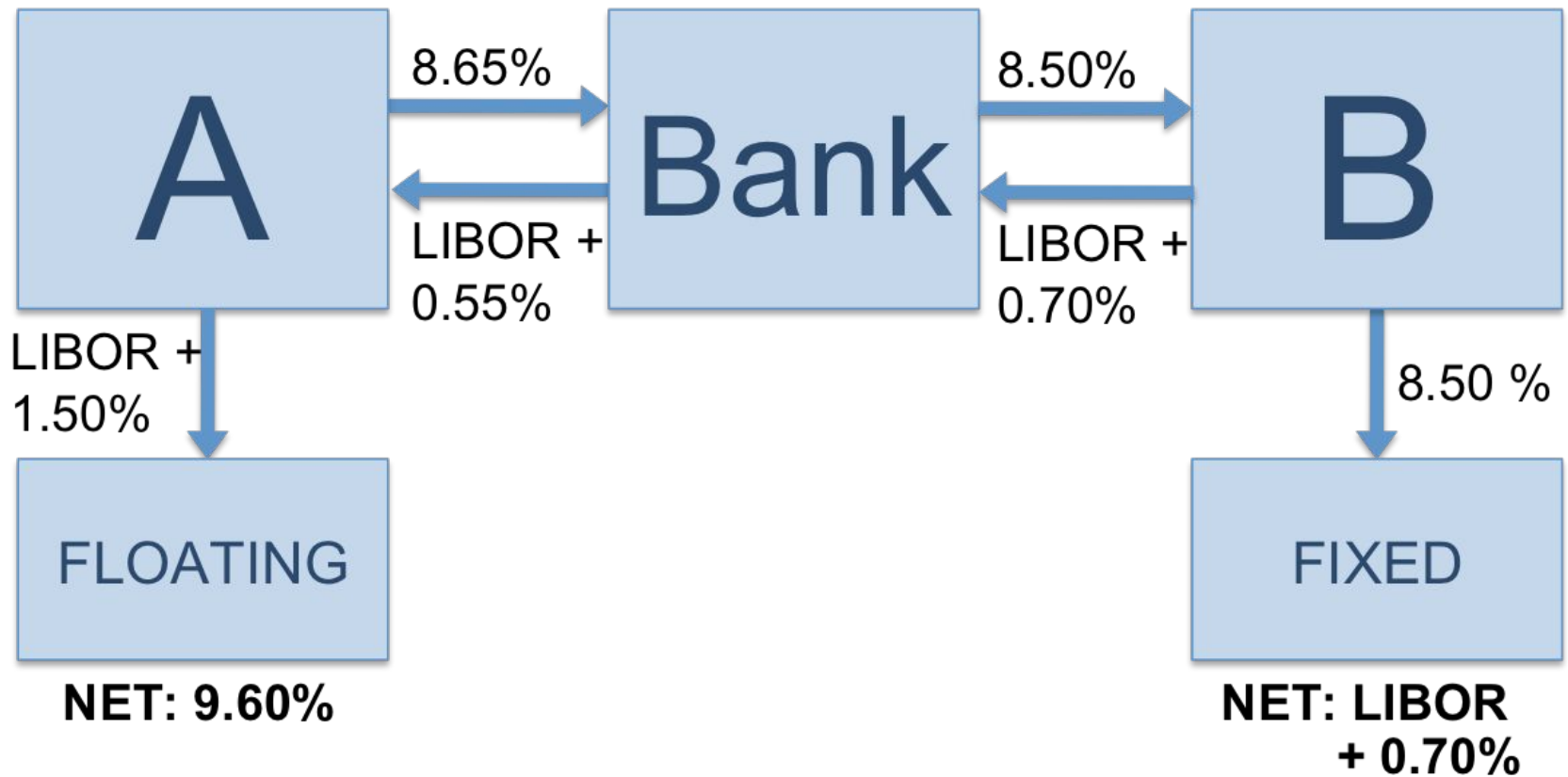
Manage **credit risk**

Hedge against
uncertainty

Earn income
through
speculation



source: wikipedia.com



source: wikipedia.com

Benefits

The main purpose of treasury products is to manage the risk in the industry.

foreign exchange linked - manage the exchange rate risk

fixed income securities - no default risk

interest rate linked - manage credit risk

precious goods linked - increase stability

THANK YOU

QUESTION

&

ANSWER