

EXPLANATION ON HOW TO USE OUR MARKET DRIVEN STRATEGIES

Below is a sample of our Weekly Hedging Strategies. Each section is explained with commentary in BLUE. They are divided into different time periods to correlate to your anticipated revenue or expenses time frames.

The traffic signals" Red = Wait we look for the rate to improve, Green = Convert or Hedge at or near these levels, Yellow = In Between we expect rates could be both better or worse.

You can use these strategies to incorporate into your currency transactions, payments, and exchange forecasts. Ensure you are not taking on any risks. Reach out to us if you need further explanation.

You should have an overall plan that meets your financial needs of your specific business of how much, if any, you would hedge. Note that placing hedges can add financial strain to your business if they move against you.



MARKET DRIVEN STRATEGIES

Short CAD, selling excess USD

This example is for companies needing to sell excess USD or buy CAD.

1.3446 December 01, 2022 14:21ct

Note: all target rates are based off of [our live charts](#)
(adjust for your effective rate)

Our target rates are based on the interbank currency prices, your rate will always be different. To follow our recommended targets, use our charts to watch the rates.

MONTHLY STRATEGY (December)

Wait to reach our Upper Target to convert any cash and place forward hedges required for the next 30 days.



RED = WAIT

Upper Target: 1.3730

Lower Target: 1.3370

Opening Rate: 1.3421

At the beginning of each month we set our upper and lower target. When the target is achieved, or the rate is favorable to you, consider making your transaction to cover your near-term needs.

SHORT-TERM STRATEGY (1 - 3 Months)

Currently in the Sub-Prime zone to hedge. We recommend you wait to reach the Prime - Zone to place your required 1 to 3 months forwards.



RED = WAIT

Prime Zone to Hedge: 1.3730 – 1.4010

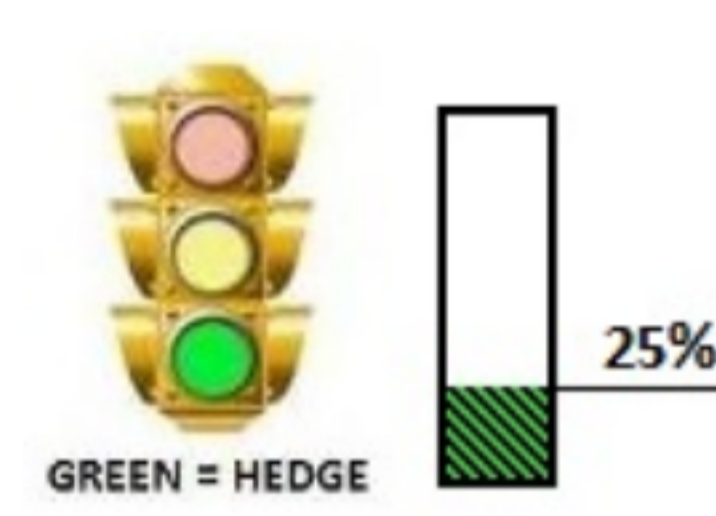
Sub-Prime Zone to Hedge: 1.3200 – 1.3500

USD buyers should wait again for our target levels to place hedges.

On a rolling basis each time the rate is within our Prime-Zone consider topping up your hedges for this time period.

MEDIUM-TERM STRATEGY I (3 - 12 Months)

Currently place required 3 to 12 months forward hedges on 25% of amount allocated to this strategy.



GREEN = HEDGE

100% Hedged	Target Rate:	1.3770 – 1.4150
75% Hedged	Target Rate:	1.3610 – 1.3770
50% Hedged	Target Rate:	1.3520 – 1.3610
25% Hedged	Target Rate:	1.3410 – 1.3520
0% Hedged	Target Rate:	1.3200 – 1.3410

On a rolling basis consider to top up your hedges at the remain at the target percentage.

MEDIUM-TERM STRATEGY II (3 - 12 Months)

Currently in the Sub-Prime zone to hedge. We recommend you wait to reach the Prime - Zone to place your required 3 to 12 months forwards.



RED = WAIT

Prime Zone to Hedge: 1.3770 – 1.4150

Sub-Prime Zone to Hedge: 1.3200 – 1.3540

USD buyers should wait again for our target levels to place hedges.

On a rolling basis each time the rate is within our Prime-Zone consider topping up your hedges for this time period.

LONG-TERM STRATEGY (12 - 24 Months)

Consider the benefits of placing up to 50% of your required 12 to 24 months forward hedges when the USD/CAD is above our target.



RED = WAIT

Hedge above: 1.3950

On a rolling basis each time the rate is within our Prime-Zone consider topping up your hedges for this time period.

Inflation and economic slowdown continue to be the concerns of both the FOMC and BoC and are coming more in focus. The fear will be needing to hit the brakes too hard and too long creating a very tough economic climate.

After testing up to 1.4000s the USDCAD pulled back falling below 1.3300 and into 1.32s where it found our expected support. It made a quick first retest of 1.3600 then returned back down to our support levels. It is possible to see a dip to mid 1.33s but look for another retest of 1.3600 soon.

We wish you well personally and in managing your businesses.

We do not find commentary on why currencies have moved very valuable and we will typically just discuss our target ranges. There is plenty of research and commentary out there if that is your preference, we just stick to simple targets.

CUSTOM MARGIN PROTECTION (Premium Strategies only)

Castle Currency Management offers our strategies customized specifically for your organization based on your input and guidance.

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