Understanding Forward Market Orders

With our comprehensive portfolio of global payments and currency risk management solutions, we provide a range of products and settlement options to satisfy almost any of your FX needs.

One such tool is forward market orders.

Forward market orders are used when you wish to book a forward contract at a better value than the current exchange rate. You can set a target rate, so that if it's achieved, your forward contract will be booked automatically at that rate and will be ready for early drawdown at your leisure.

Benefits to Placing Forward Market Orders

- No costs or fees to place
- Automatically book forwards when the market hits your rate
- Benefit from market movement, even in your sleep
- Forwards are ready for drawdown the next time you log in
- Easy to monitor, modify, or cancel

Fast Facts

- The 2022 CAD/USD range was 14%
- The 2022 GBP/USD range was 33%
- The 2022 EUR/USD range was 21%
- The 1-week market order at 100 basis points from USD/CAD spot rate has a 43% change of being fulfilled
- The 1-month market order at 100 basis points from USD/CAD spot rate has a 69% change of being fulfilled

How to Book

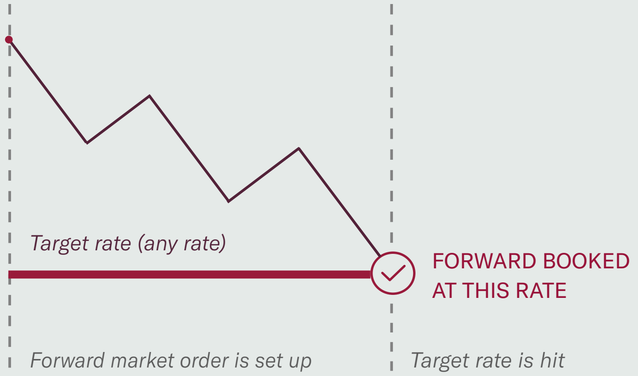
You can book market orders directly on our award-winning online trading platform, giving you the advantage of:

— The ability to easily set up market orders on your own
— Booking anytime, 24 hours, 7 days a week
— Market orders are monitored even when you're not logged in
— Editing your market orders as needed

You can book market orders through your dealer, who can help you set the target rate to set, and who will advise you when the target rate is hit or the market order expires.

Here's a scenario for how market orders work when buying foreign currency

A Canadian importer must make 3 payments totaling EUR 500,000 to her supplier in Europe within the next 6 months. The EUR/CAD spot rate is currently at 1.35. She expects the rate to improve in the future, so she books a forward market order online for 1.32 for a 6-month window, in the amount of EUR 500,000. When the rate is hit and the forward is booked, she can draw down on that forward contract to make payments her to her suppliers.



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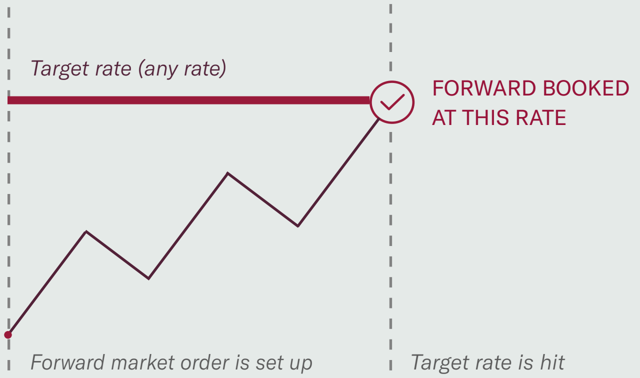
A Canadian producer is expecting to receive an order of USD 10 million worth of produce from a US-based retailer over the span of a year, which will be converted to CAD. He has budgeted the revenue based on a budget rate of 1.30 for USD/CAD exchange. He is also seeking to benefit from favorable market movement, so after consulting with his dealer, the producer books a forward market order for the whole year, for the full amount, at a more favorable rate of 1.35. If the target rate is hit, the producer can claim the difference as net profit for the business.



Frequently Asked Questions

What are the advantages of market orders?

You can achieve a more favourable rate than what is available in the spot market. Once the exchange rate hits your target rate, your order is automatically booked, allowing you to participate in favorable movements as they happen.

What are the disadvantages of market orders?

Your market order will be fulfilled when your target rate is hit. The exchange rate can keep moving, however, therefore possibly causing you to miss a better rate beyond your target rate. Also, there is no guarantee of your target rate being hit.

Are market orders right for me?

You should consider market orders if you need to book a spot or forward contract, but you don't need the funds right away, and have the ability to wait for a better rate in the market.

Over 25,000 global businesses trust Corpay to power their cross-border payments, execute plans to help manage their currency risk and ultimately help grow their businesses around the world. Connect with us to get a demo of our online trading platform, or learn more at:

Payments.Corpay.com/Cross-Border/Currency-Risk-Management

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