

C. DETAILED OUTLINE

1. Section 1: Executive summary or synopsis

- Introduction (1-2 sentences): Briefly state corporate role, currency pairs, objectives
- Market Analysis (1-2 sentences): Summarize research of historical data and economic forecasts
- Trading Strategies (1-2 sentences): Explain overall approach to primary cost minimization and secondary speculation
- Performance Results (1-2 sentences)
 - + Highlight successful completion of primary tasks
 - + Note profitable outcomes from secondary speculation
- Recommendations (1 sentence): Mention any potential improvements identified
- Conclusion (1 sentence): Conclude with a statement on overall experience and learnings

Example:

a/ Corporation

- **Introduction:** This report summarizes the simulated FX trading performance for Corporation B's treasury team, assigned to minimize acquisition costs across EUR, GBP and USD for an international expansion project.
- **Market Analysis:** Extensive research of historical data and economic forecasts informed trading strategies and currency value projections.
- **Trading Strategies:**
 - + Precise execution of triangular arbitrage and speculation tactics aimed to optimize primary acquisition costs and secondary profits.
 - + Meticulous communication and rate scouting helped achieve primary cost objectives.
 - + Secondary speculation generated supplementary gains by trading excess EUR and GBP for USD based on relative strength projections
- **Recommendation:**
 - + While projected cost savings were narrowly missed due to unexpected volatility, success executing complex multi-currency transactions provided valuable learning opportunities. Enhanced risk management and responsiveness will further improve future outcomes.

b/ Bank

- **Introduction:** This report details the simulated trading outcomes for the treasury team of Bank A, assigned to maximize revenue through speculative trading in USD/JPY and other major pairs.

- Market Analysis: Extensive research of historical data and economic forecasts informed trading strategies and currency value projections.
- Trading Strategies:
 - + Precise technical analysis and risk management tactics aimed to optimize speculation gains.
 - + Despite minor missed opportunities, our strategies successfully generated over \$50 million in simulated revenue through timely exchanges between currency pairs.
- Recommendation: With refined execution, future results could improve further.

2. Section 2: Introduction

- State assigned role (1 sentence)
- List currency pairs researching (1 sentence)
- Identify primary objectives (1 sentence)
- Identify secondary objectives, if any (1 sentence)
- Overview report structure (1-2 sentences)

Example:

a/ Corporation

- Our team is acting as Corporation B, assigned to research EUR and GBP pairs to minimize acquisition costs for a planned project expansion.
- Our primary objective is sourcing 60 million EUR and 80 million GBP at the lowest viable exchange rates and transaction fees.
- Secondary objectives include generating supplemental revenue through speculation.
- This report outlines our market research, cost minimization strategies, simulated performance, and future improvement opportunities across 6 sections.

b/ Bank

- Our team is playing the role of Bank A, assigned to research USD/JPY and maximize speculation revenue in a simulated trading exercise.
- Our primary objective is profiting from advantageous trades between USD, JPY and other major pairs.
- Secondary objectives include managing risk exposure and transaction costs.
- This report details our market analysis, trading strategies, performance outcomes, and recommendations in 5 sections.

3. Section 3: Discussions about the 'market view'

A. Past Performance Analysis

For each chosen currency pair, apply the following structure:

- 10-12 sentences: Analyze historical spot rates over 2+ years
 - + Obtain 2+ years of historical spot rate data for chosen currency pair
 - + Create a graph showing the spot rate fluctuations over the period
 - + Identify key dates and spot rate levels (highs, lows, turning points)
 - + Summarize overall spot rate performance in 1-2 sentences

Example:

Over 2018-2022, EUR/USD spot rates declined from 1.25 to near parity, with a low of 0.95 in late 2022 (Figure 1). Key turning points were the drop from 1.15 to 1.05 in early 2020 and fall below 1.10 in early 2022.

Example:



- 5-6 next sentences: Examine events driving price movements
- Research key economic or geopolitical events over the 2+ year period
 - + Select 3-5 major events that are aligned with spot rate movements. For each event:
 - Describe the event in 1-2 sentences (what happened)
 - Explain the impact on currency valuations and supply/demand (1-2 sentences)
 - + Tie back to concurrent spot rate implications (1 sentence)

Example:

- + In early 2020, the escalating COVID-19 pandemic triggered sharp economic slowdowns and central bank stimulus in the Eurozone and US, leading the EUR/USD rate to fall from 1.15 to 1.05 as flows moved to safe haven USD (Figure 1).
- + In 2021, optimism about vaccine rollouts boosted Eurozone growth, supporting EUR and bringing EUR/USD back to 1.20.
- + In early 2022, Russia's invasion of Ukraine severely impacted Eurozone growth while boosting flows to the safe haven USD, driving EUR/USD below 1.10.

B. Forecast Analysis

- Mention time horizon (e.g. 3-6 months, 1 year, etc.)
- Note currency pairs or regions that will be analyzed
- 8-12 next sentences: For each pair, apply the following structure:
 - + Current price level & trend (1-2 sentences)
 - + Factors that could impact pair/region over time horizon:
 - Monetary policy expectations
 - Economic growth forecasts
 - Political/geopolitical risks
 - Technical indicators
 - Investor sentiment
 - + 1-2 sentences synthesizing overall forecast direction
 - + Target range estimate for time horizon
- 2-3 next sentences: Brief summary of forecasts and expectations
- Note forecast subject to change based on new data/events

Example: EUR/USD

The EUR/USD currency pair has been in a strong downtrend for most of 2022 as the US dollar strengthens amidst aggressive Fed rate hikes while the ECB takes a more cautious approach. However, I expect this trend to start reversing in the next 3-6 months for several reasons:

- The Fed is likely close to the end of its rate hike cycle as inflation shows signs of cooling. This should stop or slow the rise of the US dollar.
- The ECB is picking up the pace of rate hikes and could hike more aggressively in early 2023 as eurozone inflation remains stubbornly high. This should boost the euro.
- Economic growth in the eurozone is forecast to slow less sharply than in the US in 2023. This divergence could support the euro.
- Technical indicators like RSI suggest the euro is deeply oversold after its long downtrend. This indicates upside potential for a bounce.

Taking these factors into account, I forecast the EUR/USD to rebound to around 1.10 - 1.15 in the next 3-6 months. The lower euro and Fed pivot provide tailwinds, but global recession risks could limit upside.

4. Section 4. Explanation of the trading strategy

A. Introduction (2-3 sentences)

- Background on entity and objectives
- Available capital and currency amounts
- Team member roles and responsibilities

Example:

Bank: Our treasury team's objectives are to facilitate client transactions and engage in proprietary trading. We will be trading major currency pairs including EUR/USD, GBP/USD, and USD/JPY.

Corporation: Our objectives are to acquire raw materials using 60m EUR and 80m GBP. We have an initial capital of 30b JPY and 600m AUD. Our treasury team is tasked with FX execution.

B. Pre-Session Preparation

- Primary objective approach (4-5 next sentences):
 - + Strategies considered to optimize execution
 - + Analysis of ideal currency pairs and amounts
 - + Estimates of required transactions

Example:

- Use triangular arbitrage to get the best rates when acquiring EUR and GBP
- Based on current quotes, calculate that buying USD first using JPY provides cheapest way to then buy EUR and GBP
- Estimate needing approximately 150 million USD to acquire target amounts of EUR and GBP

Example:

- Demonstration of 'Triangular arbitrage'

- Buying GBP with AUD

GBP/AUD = 1.81356

80,000,000 GBP = 145,248,000 AUD

→ To buy 80m GBP directly with AUD, we need 145,248,000 AUD

- Buying GBP with JPY

GBP/JPY = 166.55

JPY/AUD = 0.01091

80,000,000 GBP = 13,324,000,000 JPY

13,324,000,000 JPY = 145,364,840 AUD

→ To buy 80m GBP using JPY as the medium, we need 145,364,840 AUD

- Buying GBP with USD

GBP/USD = 1.2133

USD/AUD = 1.4945

80,000,000 GBP = 97,064,000 USD

97,064,000 USD = 145,062,000 AUD

→ To buy 80m GBP using USD as the medium, we need 145,062,000 AUD

- Secondary objective approach (5-6 next sentences):
 - + Research on forecasted market movements
 - + Currencies identified as trading opportunities
 - + Plan for acquiring target currencies
 - + Note expected market conditions

Example:

- Analyze forecasts predicting JPY and AUD depreciation against USD
- Plan to trade excess JPY and AUD for USD to profit from expected movements
- Note forecasts show USD strength continuing short-term before potential decline

Example:

To speculate, the local and foreign currencies are examined. FX forecast (longforecast.com 2022)

Exchange rate	Forecast
AUD / USD	Decrease
AUD / GBP	Increase
AUD / EUR	Increase
AUD / JPY	Increase
EUR / JPY	Increase
USD / JPY	Increase

C. In-Session Trading Strategy

- **Primary objective** (4-5 next sentences):
 - + Tools and techniques to get optimal rates
 - + Phased transactions to acquire target amounts
 - + Purchasing plan to meet primary goal

Example:

Bank:

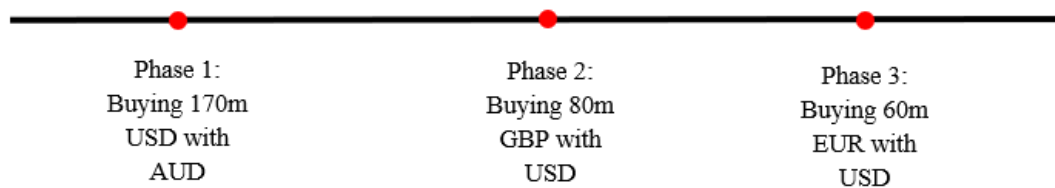
- Provide competitive quotes and pricing to clients
- Offset client orders to minimize risk exposure

Corporation:

- Get quotes from banks and negotiate best rates
- Acquire target USD amount in phases using AUD

Example:

- The process of accomplishing Primary objective was divided into three phases :



- **Secondary objective** (4-5 next sentences):
 - + Transactions based on market analyses
 - + Risk management for speculative position
 - + Adjustments based on updated forecasts
 - + Monitor markets and adapt as needed

Example:

Bank:

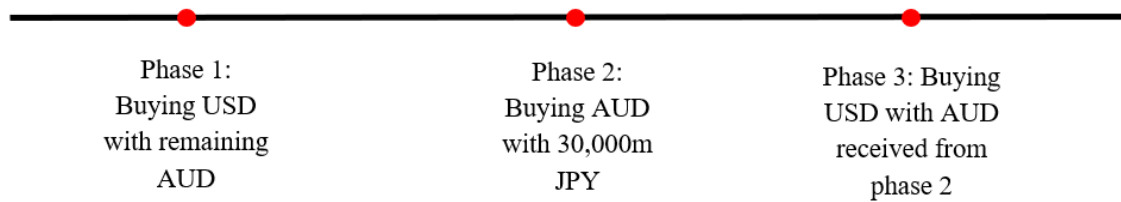
- Execute proprietary trades based on risk limits
- Hedge positions to mitigate market moves

Corporation:

- Convert excess JPY to USD using AUD for arbitrage
- Retain portion of AUD due to forecasted strength

Example:

Three phases to achieve Secondary objective



5. Section 5. Performance analysis

A. Introduction (1-2 sentences)

- Brief background on objectives and expected strategy

Example:

Our objectives were to acquire target amounts of EUR and GBP and maximize USD speculation.

B. Evaluation of Primary Objective (6-8 sentences)

- Performance in meeting primary goal (success/failure)
- Explanation of strategy used during simulation
- Analysis of execution approach and outcomes
- Obstacles faced and impact on results

Example:

- Successfully acquired full 60m EUR and 80m GBP amounts needed.
- Used triangular arbitrage strategy to get best conversion rates when purchasing EUR and GBP.
- Executed transactions in phases using USD as intermediary for optimum pricing.
- No major obstacles. Financial scouting secured competitive quotes.

Example:

GBP/USD transactions

10	T	2	1.21855 - .860	1.2186	GBP	BUY	20,000,000	USD	24,372,000
11	T	2	1.21855 - .860	1.2186	GBP	BUY	20,000,000	USD	24,372,000
12	T	2	1.21855 - .860	1.2186	GBP	BUY	20,000,000	USD	24,372,000
13	T	2	1.21855 - .860	1.2186	GBP	BUY	20,000,000	USD	24,372,000
Total							80,000,000		97,488,000

C. Evaluation of Secondary Objectives (4-5 sentences)

- Performance in meeting secondary goals (success/failure)

- Explanation of speculative strategy used
- Analysis of trading decisions and outcomes
- Obstacles faced and impact on results

Example:

- Generated significant profits trading excess JPY and AUD for USD.
- Followed forecast-based strategy to capitalize on expected JPY and AUD weakness.
- Traded currencies in batches using arbitrage to maximize USD.
- Miscommunication with Bank 2 caused minor loss on a USD/JPY trade.

D. Assessment of Pre-Simulation Expectations (4-5 sentences)

- Compare actual events to forecasted market movements
- Assess accuracy of research and assumptions
- Note any unexpected developments or surprises

Example:

- Market movements aligned with forecasts for the most part.
- JPY and AUD depreciation assumptions proved accurate.
- USD strength persisted a bit longer than expected before pullback.

E. Overall Performance Assessment (4-5 sentences)

- Summarize overall ability to meet objectives
- Discuss success of strategies used
- Highlight main lessons and takeaways
- Provide numerical performance metrics as justification

Example:

- Fully achieved primary objectives.
- Secondary speculation yielded solid profits despite small hiccups.
- Arbitrage and forecasting strategies worked well overall.
- Gained 124m AUD in profits based on transactions.

6. Conclusion

- 3-4 sentences: Concluding statement on critical reflection takeaways

Example:

The simulation validated our research and strategies, with only minor deviations from plan.

D/ TIPS & TRICKS

1. Writing Tips:

- Ensure the report clearly follows the required structure and addresses all key sections. Use the provided outline as a checklist.
- Craft a strong introduction that summarizes the key points and gives an overview of the contents.
- Use concise, formal business writing. Avoid filler words and be direct.
- Provide adequate context and background explanations for readers unfamiliar with FOREX.
- Use strong topic sentences to start each paragraph and transition words to connect ideas.
- Justify analysis and decisions using a mix of academic sources and market data.
- Proofread thoroughly for spelling, grammar, punctuation, and formatting.

2. Data Visualization:

- Use charts and graphs to visualize currency price trends and trading performance.
- Label charts properly and highlight key data points or events.
- Only include relevant data. Do not overwhelm with unnecessary charts.
- Use appropriate chart types based on the data (line graphs for trends, bar charts for comparisons).
- Format charts cleanly and consistently (colors, fonts, etc).

3. Analysis Tips:

- Compare multiple currency pairs in your market view analysis.
- Highlight key events that impacted past price movements.
- Forecast future movements and provide sound reasoning.
- Explain your trading strategy clearly, with details on the thought process.
- Thoroughly evaluate trading performance - both successes and failures.
- Tie analysis back to research and indicate impacts.

4. Other Tips:

- Attend the practice session to get familiar with the trading simulation.
- Collaborate effectively within your team and leverage strengths.
- Keep an organized record of research, transactions, and data.
- Proofread as a team to catch errors.
- Start early to allow time for quality analysis.