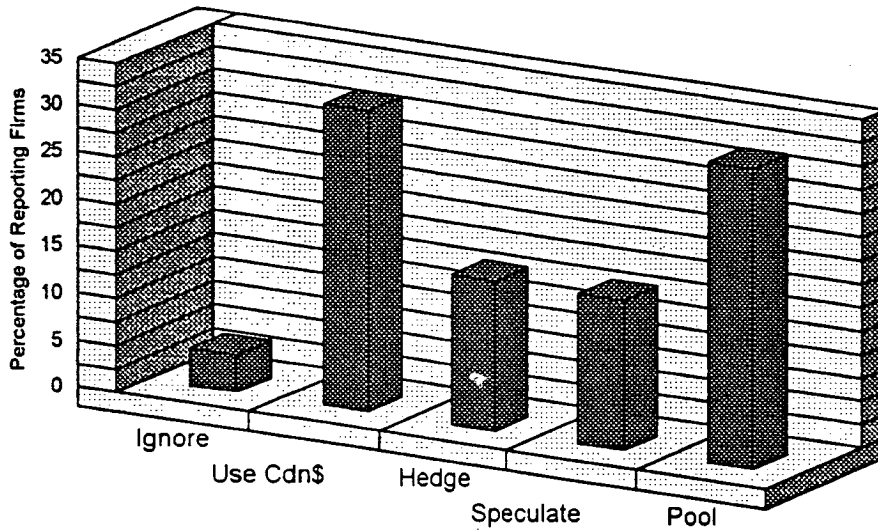


Fig. B.5: Attitude Towards FX Risk



Source: Question 7

There appears to be a generally high level of awareness of foreign exchange risk. Only one firm indicated that they ignored it outright, while most firms reported either invoicing in Canadian dollars or pooling foreign exchange holdings as a risk management strategy.

Of the firms that do hedge, the most popular instruments are forward contracts, either by themselves, or in combination with some other hedging instrument such as swaps or options. No company reported using forwards and futures together.

Table B.1: Hedging with European Currencies

		Hedge	Do Not Hedge
Proportion		46%	54%
Reason for not Hedging	too expensive		9%
	minimal risk		64%
	other		27%
Reasons for Hedging	high risk compared to cost	50%	
	Bank's insistence	17%	
	other	33%	

Source: Question 9