



## INT 620 Module Four Short Paper Guidelines and Rubric: Hedging Foreign Currency Risks

**Overview:** For this task, you will analyze the financial statement of a specific multinational company and summarize its hedging strategies.

**Prompt:** First, review the module resources, including the *Harvard Business Review* case study “F. Mayer Imports: Hedging Foreign Currency Risk,” and then introduce the problem at hand and address the following:

- **Current State:** What is the current state of the Eurozone—and the political risks and volatility of the Australian dollar (AUD)?
- **Efficacy:** How effective is F. Mayer’s current hedging practice?
- **Procurement:** Should F. Mayer leave its Euro procurement unhedged? Why or why not?
- **Hedging Strategies:** Assume that F. Mayer will *not* leave its position unhedged; what hedging strategies should the company use in order to protect its investment? Refer to Exhibit 3 in the case and briefly analyze the different hedging strategies for soundness.

Refer to the case study, your text, and other course materials to support your responses.

### Rubric

**Guidelines for Submission:** The short paper should follow these formatting guidelines: 2–3 pages in length, double spaced, 12-point Times New Roman font, one-inch margins, and citations in APA style.

Critical Elements	Exemplary (100%)	Proficient (90%)	Needs Improvement (70%)	Not Evident (0%)	Value
<b>Current State</b>	Meets “Proficient” criteria and demonstrates sophisticated understanding of the risks of international currency	Describes the current state of the Eurozone, and the political risks and volatility of the Australian dollar (AUD)	Describes the current state of the Eurozone, but does not sufficiently discuss the political risks and volatility of the Australian dollar (AUD)	Does not describe the current state of the Eurozone or discuss the political risks and volatility of the Australian dollar (AUD)	22
<b>Efficacy</b>	Meets “Proficient” criteria and demonstrates sophisticated understanding of effective hedging practices	Discusses the efficacy of F. Mayer’s current hedging practice	Discusses the efficacy of F. Mayer’s current hedging practice but discussion is cursory or lacking in detail	Does not discuss the efficacy of F. Mayer’s current hedging practice	22
<b>Procurement</b>	Meets “Proficient” criteria and description demonstrates a sophisticated understanding of hedging strategies related to procurement	Assesses whether F. Mayer should leave its Euro procurement unhedged	Assesses whether F. Mayer should leave its Euro procurement unhedged, but assessment is cursory or lacking in detail	Does not assess whether F. Mayer should leave its Euro procurement unhedged	22

<b>Hedging Strategies</b>	Meets “Proficient” criteria and description demonstrates a sophisticated understanding of hedging strategies	Identifies and describes the hedging strategies F. Mayer should use in order to protect its investment	Identifies, but does not sufficiently describe, the hedging strategies F. Mayer should use in order to protect its investment	Does not identify and describe the hedging strategies F. Mayer should use in order to protect its investment	22
<b>Articulation of Response</b>	Submission is free of errors related to citations, grammar, spelling, syntax, and organization and is presented in a professional and easy to read format	Submission has no major errors related to citations, grammar, spelling, syntax, or organization	Submission has major errors related to citations, grammar, spelling, syntax, or organization that negatively impact readability and articulation of main ideas	Submission has critical errors related to citations, grammar, spelling, syntax, or organization that prevent understanding of ideas	12
<b>Total</b>					<b>100%</b>