

## Are you attending an overseas exhibition?

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*For those visiting international trade shows setting or agreeing on a price in a foreign currency can be a minefield. Here NZForex explores some of the risks of dealing in a foreign currency at a trade show and how to make sure you get the best price.*

Most exhibitors have price lists in their own base currency (e.g USD) which take into account their costs, profit margins and in some cases their own foreign currency costs, if for example they themselves are importing or purchasing from another country in a different currency. The fact you are dealing with a foreign supplier or customer means there will be some foreign exchange implications, whether you know it or not.

Let's take an example of a Helicopter listed for sale at USD 1,000,000 the immediate reaction when faced with this price is to convert this back to the customer's base currency. Let's assume this is NZD so at the show whilst chatting about the price the exhibitor pulls out the calculator or visits a website (usually on a mobile device nowadays) for an exchange rate calculator. The calculator, seen as an independent source of truth, provides clarity for both parties as to the cost. However this is not a true reflection of the cost for the customer for a few reasons:

1. **The exchange rate used in this calculation is not a rate the customer can deal at.** This is what's referred to as an interbank or wholesale exchange rate. The money transfer provider will charge a margin so customer may be paying up to 4% or 5% more on the foreign currency conversion alone.
2. If the price is agreed then usually there is a deposit paid or terms offered/agreed for full payment at some point in the future. **When the time comes for full payment to be made on delivery the exchange rate has changed** and the actual cost, in the customer's base currency has also changed. This could work in favour of the purchaser and reduce the cost or could add to the cost.

To find out more about protecting profit margin and reducing the cost when dealing with foreign currency talk to NZForex today on 0800 161 848 or [Click Here](#) to register.

