WHO USES DERIVATIVES – AND WHY?

Derivatives play a critical role in helping to reduce the uncertainty that comes from changing interest rates and exchange rates, as well as credit, commodity and equity prices.

That’s why they are used by thousands of companies in all industries and in all regions. By managing their risk and creating certainty, companies have the confidence to invest in future growth and job creation.

That’s vital for global economic activity and growth.

Uses and Benefits

MANUFACTURING:
Manufacturers use derivatives to help lock in the cost of issuing debt to finance new investments and plants, which contributes to growth and job creation.

EXPORTING:
Exporters use derivatives to achieve certainty in the rate they can convert future overseas revenue, which creates stability and keeps them competitive.

FOOD PRODUCTION:
The agricultural businesses that produce food and the companies that bring it to store use derivatives to manage the risk of fluctuating crop, livestock and fuel prices.

More Uses and Benefits ➔
Uses and Benefits

ENERGY:
Explorers, producers and distributors of energy use derivatives to manage changes in energy prices and reduce volatility for consumers.

FINANCIAL SERVICES:
Banks use derivatives to manage their interest rate risk, enabling them to expand lending to individuals and businesses.

MORTGAGE PROVIDERS:
Derivatives allow mortgage providers to offer a choice of fixed-rate and floating-rate mortgages.

TRANSPORT:
Airlines use derivatives to hedge fuel costs, which helps to keep ticket prices more stable.

PENSIONS:
Pension funds use derivatives to manage interest rate and inflation risk to protect the value of pension pots for future retirees.

INSURANCE:
Insurance companies use derivatives to ensure premiums paid by customers are sufficient to meet future insurance claims.

Derivatives play a vital role in helping companies across the globe mitigate risk – creating the certainty needed for economic growth.