

USD

Futures P&L reported in Euros

Futures positions to Hedge the EUR-USD currency risk

My portfolio of US stocks

My portfolio of US stocks reported in Euros

My portfolio of Stocks P&L reported in Euros

Starting point
1 € = 1.067 \$

Long x2 M6E defined as worth €25000 but priced in \$ - They are worth **\$26675**

\$26675

€25000
(because $\frac{26675}{1.067} = 25000$)

The Euro ↓
The USD ↑

2 weeks later
1 € = 1.05 \$

My x2 M6E futures are still defined as worth exactly €25000. However their \$ value is now **\$26250**

\$26675

€25404.7619
(because $\frac{26675}{1.05} = 25404.7619$)

My futures positions have therefore lost \$425 - They have therefore lost $\frac{425}{1.05}$ = €404.7619 when this loss is reported in Euros.

My stock portfolio position when reported in Euros has therefore gained €404.7619

(to stay simple) Assume the prices of my stocks has not changed at all

They cancel each other out!

- My portfolio of US stocks will show no gain or loss in USD
- My hedged portfolio (= stocks + futures) will show no gain or loss in Euros