

People need to learn how to design things around us and develop the design industry in a way so as to keep the world we live in greener and cleaner, to reduce impurity, poverty, biodiversity loss, plastic and air pollution, fast fashion and textile waste and many other problems our world faces every day.

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HEDGING OF CURRENCY RISKS OF NON-FINANCIAL ORGANIZATIONS

The article discusses the essence of the hedging method, its role in the management of foreign exchange risks of exporters (importers), provides theoretical definitions of hedging instruments and the hedging process.

In the context of the deepening process of internationalization of the world economy and the transition to globalization of the world economy, the problems of

professional risk management and operational accounting of risk factors are of paramount importance for financial market participants.

Among the risks that have the most devastating impact on the financial performance of a country's economy, it is necessary to highlight currency risks associated with changes in exchange rates.

The result of an effective currency risk management is the reduction of losses due to changes in world currency rates, the reduction in the uncertainty of future financial flows, ensuring more efficient financial management and reducing profit fluctuations.

Solving the problem of minimizing the currency risks of non-financial organizations predetermines the need to solve the following tasks:

1. to review existing approaches and principles of currency risk management by non-financial organizations
2. to expand the use of currency risk hedging instruments in an expanding financial market.

Hedging in the world practice has long been used to optimize currency risks, the number and variety of methods and tools with which hedging is performed [2].

We will investigate the essence, mechanism, strategies and instruments of hedging foreign exchange risks on the basis of foreign experience. Hedging transactions (hedging) are forward transactions closed in order to prevent possible losses as a result of changes in prices and rates of commodity, currency, stock and exchange markets. They are closed not for speculative purposes, but in order to minimize the risk.

We emphasize that the hedging operation involves making two transactions. One transaction is a common forward transaction and the subject of the economy assumes the obligation to perform some actions in the future at a fixed price in the present. The other is a transaction with derivative financial instruments (DFIs), by means of which an economic entity protects itself from adverse price (exchange rate) changes of the financial asset, with respect to which it assumed forward liabilities.

Therefore, we can state that the derivative instruments, in addition to their stated above main purpose to fix the future price, there is one more additional purpose - to hedge the unfavorable development of the price situation (exchange rate volatility) in the derivatives market.

The main difference between hedging and other types of transactions is that its purpose is not to gain an additional profit, but to reduce the risk of potential losses. This difference reveals the main goal of hedging – to achieve the optimal risk structure, that is, the optimal balance between the advantages of hedging and its value.

The main DFIs of the derivatives market, designed to hedge currency risks, can be currency forwards, currency futures, currency options and swaps.

The unifying beginning of the whole variety of hedging tools for currency risks is their key properties: their value changes when the basic variable changes, no investments are required to purchase them, or minor initial investments are required, payments on these instruments are made in the future.

In the course of studying the characteristics of the main DFIs, the dual nature of market relations in a derivative financial instrument is specified [1-3].

Since any market instrument is an agreement of at least two parties, a market participant who tries to save his capital must be opposed by another market participant

who agrees to risk his capital in the hope of earning income from this market instrument. As a result, the derivative tool is both an instrument for preserving capital, and an instrument for its multiplication. Otherwise, the derivative could not appear on the market.

Thus, the purpose of the hedge is to eliminate the uncertainty of future cash flows (both negative and positive), which will allow you to have a complete picture of future income and expenses arising in the course of financial or commercial activities.

We consider it expedient on the basis of the conducted research to give our own definition of the concept of “hedging instruments”.

The hedging instrument is a derivative financial instrument used to optimize the price risk of the underlying asset for the assumed and planned obligations with the greatest possible efficiency according to the developed hedging strategy and allowing it to receive additional profits when it is realized (under certain conditions).

Hedging, as a method of minimizing risks, has a number of obvious advantages in comparison with other methods:

- futures contracts on the basis of which hedging is performed, fix the price level of the underlying asset, and allow not to forecast the change in the value of the underlying asset, but to fix it at an acceptable level;

- on the basis of the information that futures contracts carry, it is easy to be guided by the demand and supply for these or other assets and thus insured against losses.

A new definition of hedging is proposed that hedging is an independent type of economic relations with respect to optimization of price risk for accepted and planned liabilities through the use of hedging instruments with the greatest possible efficiency.

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RECENT EVOLUTION OF TOURISM IN THE REPUBLIC OF PANAMA

According to official statistics, international arrivals in Panama have a growing trend since 2008. However, in the last two years there has been a contraction in arrivals, which places the level of tourists in 2019 at the same level as for 2014.