OPTIMIZATION OF CURRENCY RISKS FOR UKRAINIAN EXPORTING ENTERPRISES IN THE CONDITIONS OF CURRENCY INSTABILITY

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The war and global economic changes have led to significant exchange rate volatility, which makes it difficult to predict profitability for Ukrainian exporters. Significant exchange rate fluctuations directly affect the margins and financial stability of companies that sell products abroad. Such currency volatility creates additional financial risks for Ukrainian exporters, complicating long-term planning and strategic development and requiring companies to actively manage currency risks using specialized financial instruments. Thus, the study of currency risk optimization is relevant for increasing the financial stability of Ukrainian exporters, their competitiveness and economic development of Ukraine in the context of currency instability and general geopolitical risks.

The research of K. Kucheryava, V. Kostriukov, H. Verbytska, L. Shyryaeva, I. Morozova, O. Kopylova, and K. Honchar on the topic of currency risk management for Ukrainian exporters is of great importance, as it helps to solve a number of critical problems related to the country's economic stability and maintaining international competitiveness. Assessment of the impact of currency risks on the financial stability of exporters can help to solve a number of problems, such as protecting against fluctuations in profitability and facilitating long-term financial planning; maintaining creditworthiness and facilitating access to finance for exporting companies; ensuring the competitiveness of enterprises and their resilience in a crisis.

Assessing the impact of currency risks is closely linked to their optimization. This is especially important for Ukrainian exporters operating in an unstable economy and currency fluctuations. It consists of developing and implementing strategies that minimize the negative impact of exchange rate fluctuations on the financial results of companies. We propose to consider methods of optimizing currency risks for exporters. These include direct hedging of currency risks; internal methods of currency risk management; financial planning and forecasting; and the use of currency risk avoidance strategies. Each of these methods has its own components, as shown in Fig. 1.

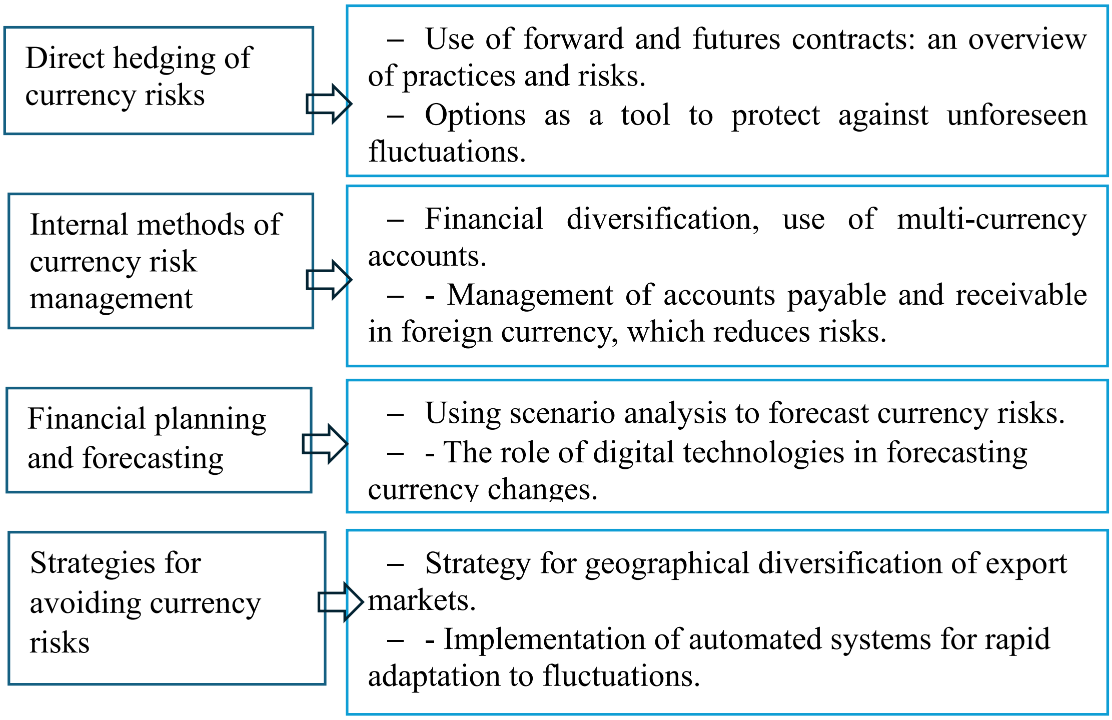

Fig. 1. Methods of optimizing currency risks for exporters

The choice of the most effective strategy for optimizing currency risks for Ukrainian exporting companies should be based on several basic principles that ensure the adaptability, economic feasibility, and financial sustainability of the enterprise. Assessing currency exposure, i.e. the vulnerability of revenues and expenses to exchange rate fluctuations, is the first step. It includes determining the share of foreign currency in the structure of income and expenses, establishing dependence on a particular currency and determining the level of its stability. The higher the level of exposure, the more attention should be paid to active risk management through hedging or other methods. The next principle is to assess the financial capabilities of the company. Hedging currency risks requires financial resources, as hedging instruments incur certain costs. The choice of strategy should be based on the amount of working capital and the ability to attract external funds. Large companies can afford sophisticated hedging instruments (forward contracts, options), while small and medium-sized enterprises can use internal methods. Another important principle is the length of business cycles and the predictability of cash flows. For companies with short business cycles and predictable cash flows (e.g., FMCG), short-term hedging or natural hedging strategies are relevant. Companies with long business cycles (machine building, agriculture) need long-term strategies. Companies that are able to flexibly change markets or suppliers have more opportunities to manage currency risks through pooling strategies. Therefore, we propose to consider the principle of flexibility in the choice of markets and adaptability to currency fluctuations as the next principle. For example, an enterprise can reorient its sales to markets with less volatility or a more stable currency, which reduces its dependence on sharp currency fluctuations.

Changing suppliers from foreign to local can also reduce currency risk if the main costs are denominated in local currency. In addition, such companies can negotiate fixed exchange rates with partners for the duration of the contract or enter into agreements on mutual settlements in local currency, which provides additional protection against unpredictable fluctuations. The ability of companies to adapt to changes in exchange rates helps to reduce risks and ensure stable financial results even in volatile environments. The effectiveness of hedging depends not only on market conditions, but also on the ability of an enterprise to select and adapt instruments that suit its operations best. Therefore, this concept is also one of the principles of optimization. Each business sector has unique needs in terms of currency risk management, so choosing the right instruments can have a significant impact on the financial result. For highly profitable companies with high profitability, more complex and costly hedging instruments, such as options or forward contracts, are usually available. Companies with lower profitability and limited budgets can use natural hedges, such as increasing foreign currency income and expenses.

The principle of strategic sustainability implies that the chosen currency risk management strategy should be consistent with the company's long-term goals and overall development strategy. This is especially important for companies planning to expand into new markets, invest in innovation, or scale up production. A long-term currency hedging strategy should help achieve these goals by ensuring cash flow stability and predictability. The last principle, the principle of risk assessment and forecasting changes in the external environment, is key to effective currency risk management, leaving the monitoring and forecasting of macroeconomic and geopolitical factors to businesses that are prepared to prepare for aggressive market fluctuations. This approach involves continuous monitoring of indicators such as interest rate changes, inflation, central bank monetary policy, international trade and political stability in the country.

The use of strategic principles in optimizing currency risks is of paramount importance in the management of Ukrainian exporting companies. Currency instability significantly affects their profitability, competitiveness and financial stability. In today's environment of sharp exchange rate fluctuations caused by geopolitical risks and economic instability, such enterprises face increased costs, the risk of revenue loss, and the possibility of a decrease in investment attractiveness. By adhering to these principles, a company can significantly reduce risks and ensure financial stability, which is essential for their long-term development. In addition, a systematic approach to currency risk will allow Ukrainian exporters to maintain a competitive position in international markets, which will contribute to economic growth and the country's successful integration into the international environment.

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