
Chapter 6

Translating Currencies

Currencies

When you are working with global data, it is often necessary to translate the data from one currency to another in order to make more accurate comparisons. Standard & Poor's Research Insight brings depth to your financial analysis by giving you the option of viewing company data in its native currency, or translating the data into one of the more than 110 currencies in the COMPUSTAT (Global) database.

This chapter explains how to:

- Identify currencies in Research Insight
- Translate data
- Run a currency screen

How Currencies are Identified in Research Insight

Research Insight identifies currencies by ISO currency codes established by the International Standards Organization (ISO). Each code is three characters long and is preceded by a period. For example, the currency code for the French Franc is **.FRF**.

You can easily find the ISO code for each currency through the Look Up List or the Descriptions dialog box. The following sections show you how. In addition, ISO currency codes are listed in the Reference Tables in online help.

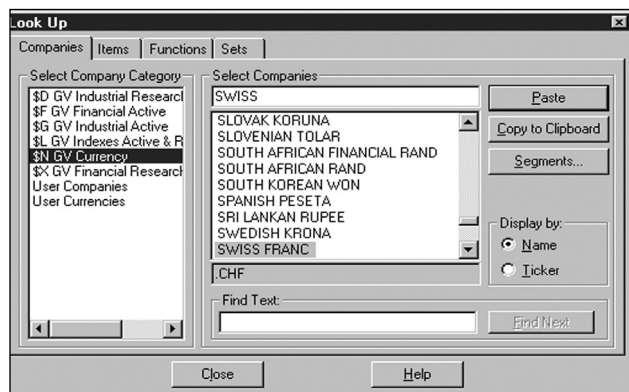
Note: You can also use Reference Tables to find currency codes. Please see the extensive on-line help system built into Research Insight for step-by-step instructions on how to do this.

Using the Look Up List to Find ISO Currency Codes

This example shows how to find the currency code for Swiss Francs in the Look Up List:

Begin from the Research Insight desktop:

1. Click the  (**Look Up**) button.
You will see the Look Up List.



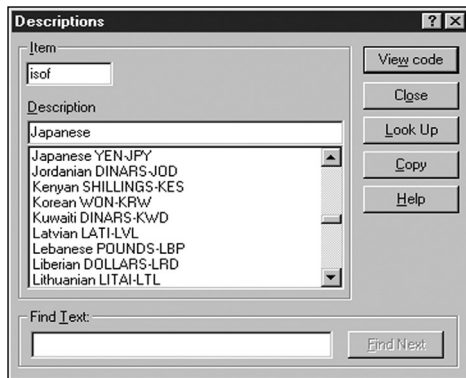
2. Select **\$N GV Currency** from the Select Company Category list box. You will see all of the currencies in the COMPUSTAT (Global) database.
3. Enter **Swiss** in the Select Companies field.
You'll see **Swiss Franc** highlighted. You will also see .CHF in the text box below the list of currencies. The ISO Currency Code for the Swiss Franc is CHF. The period in front of it is added to create a ticker-like identifier for the currency so currency-level data can be accessed in the database.
4. Click **Close**. You now know that the ISO code for the Swiss Franc is .CHF and can use it when translating currencies.

Using the Descriptions Dialog Box to Find ISO Currency Codes

This example shows how you would use the Descriptions dialog box to find the currency code for Japanese yen:

Begin from the Research Insight desktop:

1. From the **Databases** menu, select **Description**.
You will see the Descriptions dialog box.
2. Enter **isof** (the mnemonic for the ISO Currency Code item) in the **Item** field and click **View Code**.
3. To find the ISO code for Japanese Yen, enter **Japanese** in the **Description** field.
You will see **Japanese YEN - JPY** at the top of the list of currencies. JPY is the ISO code for Japanese Yen.



4. Click the **Close** button.
Now that you know the ISO Code for Japanese Yen, you can use it when translating currencies.

How Research Insight Translates Data

The keys to currency translations in Research Insight are the four primary currencies:

British Pounds Sterling (GBP)

Swiss Franc (CHF)

Japanese Yen (JPY)

United States Dollar (USD)

Each of these primary currencies translates directly into every other currency in COMPUSTAT (Global). For example, you can:

1. Translate from one primary currency directly into another primary currency, i.e.
GBP \longrightarrow CHF, CHF \longrightarrow JPY, JPY \longrightarrow GBP, etc.
2. Use any primary currency to translate between two currencies that have no direct translation rate in COMPUSTAT (Global), e.g., to translate Hong Kong Dollars into Swedish Kronor, Research Insight first translates Hong Kong Dollars (HKD) into one of the primary currencies, such as Japanese Yen (JPY), and then translates the Japanese Yen (JPY) into Swedish Kronor (SEK).

Each primary currency has three historical translation rate values for every currency in COMPUSTAT (Global). The three translation rate values are **Month End Rate**, **Monthly Average Rate**, and **12-Month Moving Average Rate**. To convert data items into the target currency, Research Insight follows a calculation process similar to the following example:

| Grupo Industrial Emprax SA Data Items In As Reported Currency-(MXN) Mexican Peso | Translation Rate in Primary Currency - (GBP) British Pound | | Grupo Industrial Emprax SA Data Items In Primary Currency - (GBP) British Pound | Translation Rate From Primary Currency - (GBP) British Pound to Target Currency - (SEK) Swedish Kronor | | Grupo Industrial Emprax SA Data Items In Target Currency - (SEK) Swedish Kronor |
|--|---|---|---|--|---|---|
| 40,476,000 MXN Total Assts (AT) | X 0.078246 Month End Rate (used for balance sheet items) | = | 3,167,085 GBP | X 15.308700 Month End Rate (used for balance sheet items) | = | 48,483.953 SEK |
| 38,500 MXN Price Close - Monthly (PRCCM) | X 0.078545 Monthly Average Rate (used for Market Data) | = | 3,024 GBP | X 15.127644 Monthly Average Rate (used for Market Data) | = | 45.746 SEK |
| 38,526,000 MXN Revenue -Total (REVT) | X 0.073144 12-Month Moving Average rate (used for income statement and cash flow data) | = | 2,817,960 GBP | X 14.284865 12-Month Moving Average rate (used for income statement and cash flow data) | = | 40,254.183 SEK |

The Research Insight data item, Currency Exchange Rate Items (XITEMS), tells you the three translation rate items for each primary currency. For example, for the Swiss Franc (CHF) primary currency the

- Month-end rate item is XCHFME
- Monthly average item is XCHFAV
- 12-Month Moving item is XCHF12

Viewing the Exchange Rate Between Currencies

You can also view the exchange rate between currencies with the View/Modify window.

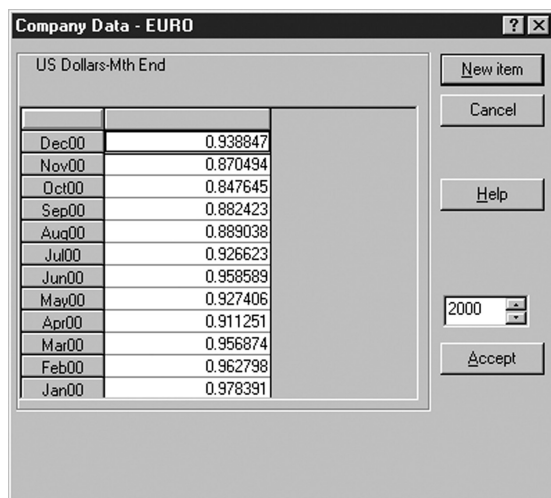
Begin from the Research Insight Desktop:

1. From the **Database** menu, select **View/Modify Data**.

You will see the View/Modify window.

2. Type **XUSDME** (U.S. Dollars - Month End) in Item and **.EUR** (Euro) in Companies.
Note: You can use the Look Up List to find the mnemonic for the Item and the Currency.
3. Click **View**.

You will see the Company Data window.



| US Dollars-Mth End | |
|--------------------|----------|
| Dec00 | 0.938847 |
| Nov00 | 0.870494 |
| Oct00 | 0.847645 |
| Sep00 | 0.882423 |
| Aug00 | 0.889038 |
| Jul00 | 0.926623 |
| Jun00 | 0.958589 |
| May00 | 0.927406 |
| Apr00 | 0.911251 |
| Mar00 | 0.956874 |
| Feb00 | 0.962798 |
| Jan00 | 0.978391 |

Research Insight also determines how to translate data for the following exceptional situations:

- Companies that report their data in currencies outside their country of incorporation
- Companies that report their data in more than one currency

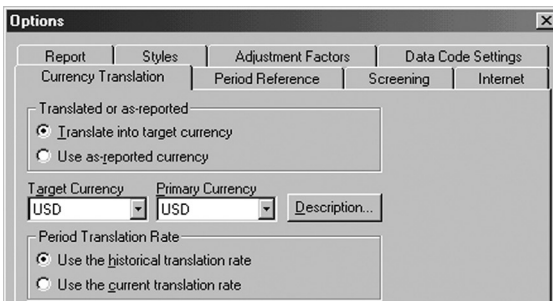
Now that you understand how Research Insight translates data from one currency to another, you can try a currency translation exercise in the following section.

How to Translate Data Into a Target Currency

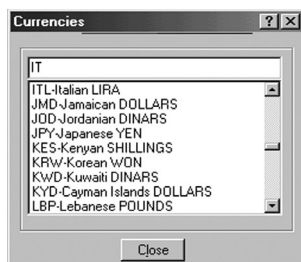
In this section, we'll show you how to translate data in a pre-defined report from Japanese Yen to Italian Lira.

Begin from the Research Insight desktop:

1. From the **Tools** menu, select **Options**.
You will see the Options dialog box
2. Select the **Currency Translation** tab.



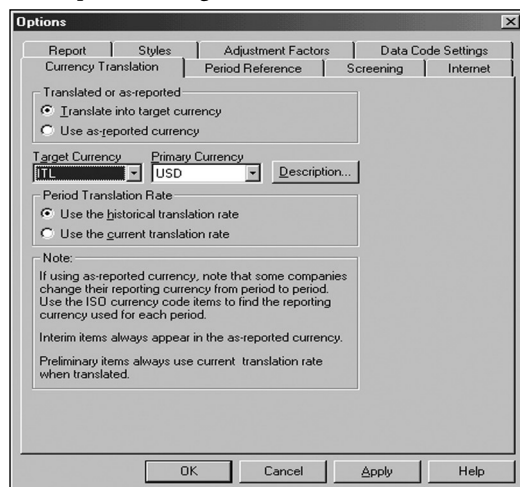
3. Since you are translating data from one currency to another, click the **Translate into target currency** radio button. This tells Research Insight to translate your data into the currency you select for all operations. The **Use as reported currency** option tells Research Insight to perform all operations using the currency in which data is reported.
4. To look up the ISO currency code for the Italian Lira, click the **Description** button.
You will see the Currencies dialog box.
5. Enter **IT** in the text box.
You will see **ITL-Italian LIRA** at the top of the list. ITL is the ISO currency code for Italian Lira.




6. Click the **Close** button.
7. Select **ITL** from the Target Currency drop-down list. The Target Currency is the currency in which you want Research Insight to display data for all operations.
8. Click the **Use the historical translation rate** radio button.

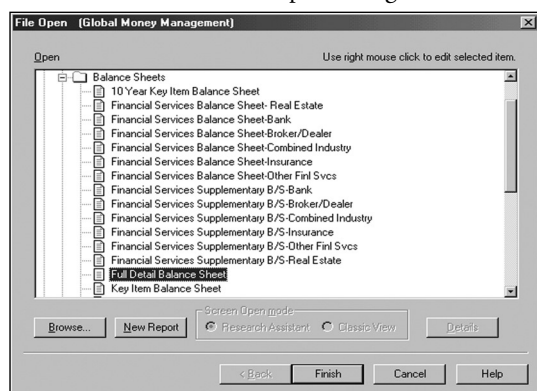
Hint: Research Insight translates data using the rates for the time periods of the data items. The “Use the current translation rate” option tells Research Insight to translate data using current rates for all items, regardless of the time period.

The Options dialog box should look like this:



Note: Using Historical Translation rates when calculating market returns will introduce an exchange rate gain/loss to the results. Current Rate will provide a price appreciation only.

9. Click **OK**.
You will return to the Research Insight desktop.
10. Click the  (**Open Report**) button.
You will see the File Open dialog box.



11. Select the **Full Detail Balance Sheet** from the **Balance Sheets** folder and click **Finish**.

You will see the Run Assistant window.

12. Enter the GVKEY for Sony Corporation (**9818**) in the **Companies** field and click **OK**. The Full Detail Balance Sheet for Sony Corporation displays, and all of the data is now displayed in billions of Italian Lira.

Hint: If you don't know the GVKEY, click the **Look Up** button. Begin typing in the name of the company in the **Select Companies** field. When the name is highlighted, click **Paste**, then click **Close**. The company's GVKEY will appear in the **Companies** field.

Research Insight - [Gbadet1.rpt]

File Edit View Report Databases Tools Window Help

Show
☐ Formula
☐ Report
☐ Print
☐ Report & Print

Companies
 Ticker
 Name
 [9818]
 [9818]

SONY CORP
 GUYKEY: 9818
 INDUSTRY: ELECTR, OTH ELEC EQ, EX CMP
 ENTITY TYPE: Industrial

FULL DETAIL BALANCE SHEET
 In Billions of ITALIAN LIRA

| ISO CODE: | Mar98 JPY | Mar99 JPY | Mar98 JPY | Mar97 JPY | Mar96 JPY |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| ASSETS | | | | | |
| Cash | 12,351,467 | 8,968,442 | 5,786,198 | 5,773,968 | 6,751,485 |
| Short-Term Investments | 2,241,917 | 2,152,890 | 3,777,598 | 2,325,821 | 896,961 |
| Cash and Short-Term Investments | 14,593,384 | 11,121,332 | 9,563,796 | 8,099,789 | 7,648,446 |
| Accounts Receivable/Debtors - Trade | 20,823,095 | 15,349,725 | 15,253,869 | 13,104,834 | 12,564,118 |
| Accounts Receivable/Debtors - Other | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Accounts Receivable/Debtors - Total | 20,823,095 | 15,349,725 | 15,253,869 | 13,104,834 | 12,564,118 |
| Inventories/Stocks | | | | | |
| Raw Materials | 3,272,331 | 2,023,681 | 1,837,100 | 1,716,164 | 1,990,306 |
| Work in Process | 2,333,912 | 1,635,267 | 1,699,651 | 1,903,227 | 2,155,353 |
| Finished Goods | 11,344,195 | 9,635,961 | 10,049,946 | 8,100,530 | 8,445,430 |
| Other | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Inventories/Stocks - Total | 16,950,438 | 13,294,908 | 13,586,697 | 11,719,921 | 12,591,089 |
| Current Assets - Other | | | | | |
| Prepaid Expense | 0.000 | 0.000 | 0.000 | 3,236,453 | 3,070,334 |
| Treasury Stock | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Current Assets-Other Excl Prepaid Exp | 9,475,645 | 6,716,995 | 6,261,112 | 1,505,831 | 1,224,233 |
| Current Assets - Other - Total | 9,475,645 | 6,716,995 | 6,261,112 | 4,742,283 | 4,294,567 |
| Total Assets | 49,440,000 | 46,499,000 | 44,900,000 | 40,000,000 | 37,000,000 |

Italian LIRA

0Y, 0Q, 0M, 0W, 0D

1 / 1

GLOBAL Vantage - 12/29/00

NUM

Hints: The currency in use displays in the lower-left corner.

Every application you run will continue to translate all data into Italian Lira unless you change the target currency in the Options dialog box.

How to Run a Currency Screen

In this section, we'll show you how to identify which 3 currencies have had the strongest gain against the U.S. dollar in the past 12 months.

Begin from the Research Insight desktop:

1. Click the (**Research Assistant**) button.
You will see the Research Assistant - Step 1 window.
2. Click **Classic View**.
You will see the Research Assistant - Step 1 - Classic View window.

Research Assistant - Step 1 - Classic View [Global Money Management]

@rank(((xusdme-xusdme[-11])/xusdme[-11]),\$n)<=3 Look Up


| Rn | Base Set | Size | Formula | Min | Max | Passed | Set |
|----|----------|------|---|-----|-----|--------|-----|
| 1 | \$N | | @rank(((xusdme-xusdme[-11])/xusdme[-11])/xu | | | | |
| 2 | | | | | | | |

3. Select the **Base Set** cell in the first row, enter **\$N** in the command line and press **Enter**.
4. Select the **Formula** cell in the same row, enter **@rank(((xusdme-xusdme[-11])/xusdme[-11]),\$n)<=3** in the command line and press **Enter**.

5. Click **Run**.

The number of companies that passed the screen is displayed in the **Passed** column.

Research Assistant - Step 1 - Classic View (Global Money Management)

\$N  Look Up

| Rn | Base Set | Size | Formula | Min | Max | Passed | Set |
|----|----------|------|-------------------------------|-----|-----|--------|-----|
| 1 | \$N | 118 | @rank([xusdme-xusdme[-1]])/xu | | | 3 | |
| 2 | | | | | | | |

6. Click **Next**.

The results of your inquiry will appear in the Research Assistant - Step 2 window. From this window you can save your set, save your screen or continue to the next window and use your set in a report or chart.

Research Assistant - Step 2 (Global Money Management)

Company List
Company Count: 3


PAPUA NEW GUINEA KINA
POLISH NEW ZLOTY
SWISS FRANC

Remove Company


Display Mode
☒ Names
☐ Tickers


Save Set
Save...
Save As...
Reset

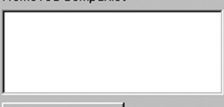
Save Screen
Save...
Save As...

Market Insight 

Add Company to set

Add Company  Look Up

Added Companies

Remove Company from Added list

Removed Companies

Restore Company

< Back Next > Cancel Help

Commonly Used Currency Functions

Research Insight contains four different functions that you may find helpful in your Global applications. This section provides a brief description of each of those functions.

@NATIVE This function displays data in the native currency, even if you have already selected a currency for translating data using the Currency Translation command from the Options menu.

@PARM This function identifies the translating currency by name in your report.

@SCALE This function returns currency units of representation for data in millions. This function is useful for scaling those currencies that report in billions of currency units, such as Japanese Yen and Italian Lira.

@ISXE This function allow you to distinguish between data availability and currency translation availability.