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# Chapter 6

## Translating Currencies

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### 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.

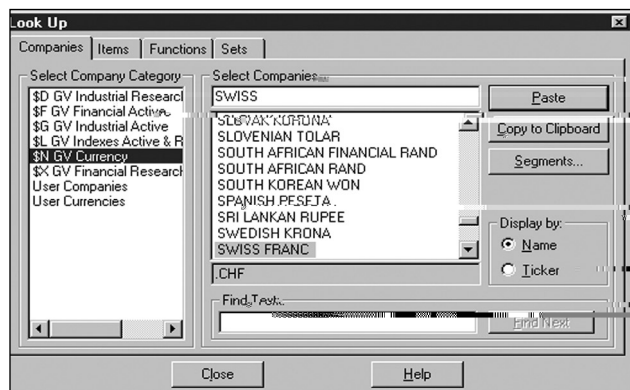
**Note:** You can also use Reference Tables to find currency codes. Please see the extensive on-line help system built into Research Insight for step-by-step instructions on how to do this.

## 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.



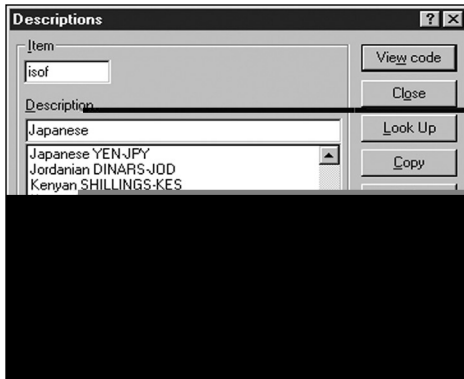
2. Select **\$N GV Currency** from the Select Company Category list box. You will see all of the currencies in the COMPUSTAT (Global) database.
3. Enter **Swiss** in the Select Companies field.  
You'll see **Swiss Franc** highlighted. You will also see **.CHF** in the text box below the list of currencies. 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 → CHF, CHF → JPY, JPY → 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 Emprx SA Data Items In As Reported Currency-(MXN) Mexican Peso	Translation Rate in Primary Currency - (GBP) British Pound	Grupo Industrial Emprx 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 Emprx 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.

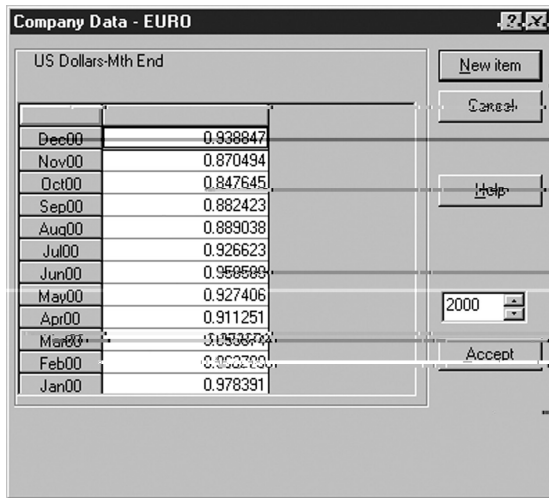
Begin from the Research Insight Desktop:

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.



The screenshot shows a window titled "Company Data - EURO" with a table of monthly data. The table has two columns: the first column lists months from Dec00 to Jan00, and the second column lists numerical values. To the right of the table are several buttons: "New item", "Cancel", "Help", and "Accept". Below the "Help" button is a year selector dropdown menu currently set to "2000".

Month	Value
Dec00	0.938847
Nov00	0.870494
Oct00	0.847645
Sep00	0.882423
Aug00	0.889038
Jul00	0.926623
Jun00	0.950508
May00	0.927406
Apr00	0.911251
Mar00	0.905577
Feb00	0.900200
Jan00	0.978391

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

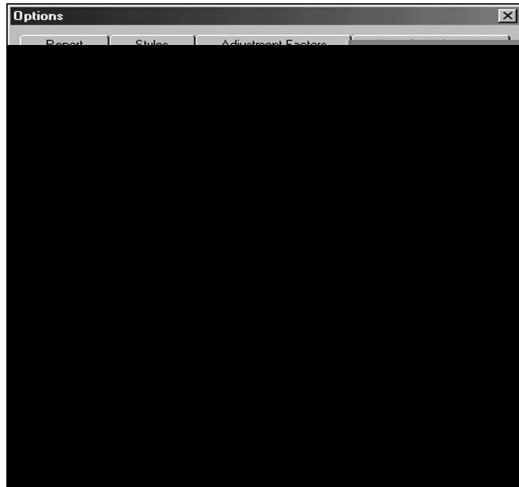
- Companies that report their data in currencies outside their country of incorporation
- Companies that report their data in more than one currency

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.



**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.

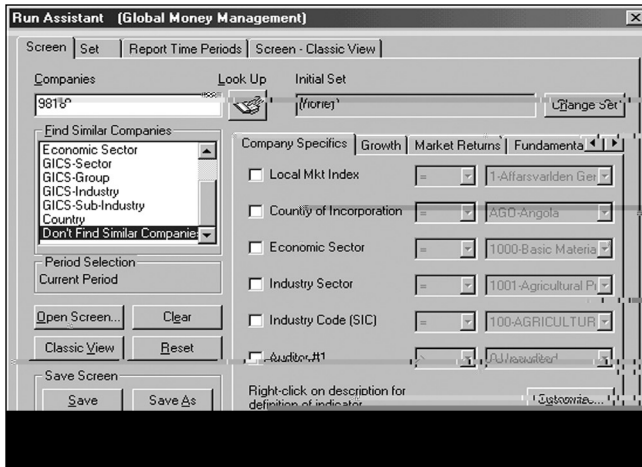
9. Click **OK**.  
You will return to the Research Insight desktop.
10. Click the  (**Open Report**) button.  
You will see the File Open dialog box.



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.




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

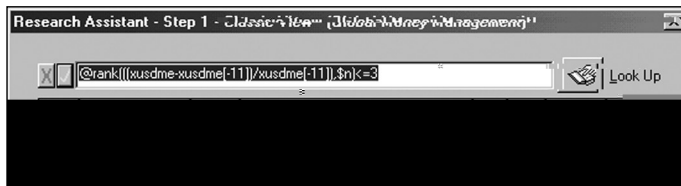
Every application you run will continue to translate all data into Italian Lira unless you change the target currency in the Options dialog box.

## 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.



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.

Rn	Base Set	Size	Formula	Min	Max	Passed	Set
1	\$N	118	@rank(((xusdme-xusdme[-11])/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.

Company List	Display Mode	Add Company to set
Company Count: 3	<input checked="" type="radio"/> Names	<input type="text"/> Look Up
PAPUA NEW GUINEA KINA	<input type="radio"/> Tickers	Add Company
POLISH NEW ZLOTY		
SWISS FRANC		

## 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.