

FX Week

GE's FX managing director retires, launches advisory

As banks downsize their sales teams, David Rusate is looking to lend his currency expertise to small- to medium-sized firms

Laura Matthews

10 Oct 2017

David Rusate, a former managing director of foreign exchange and commodity strategy at General Electric (GE) Company, has launched his own FX and commodity advisory firm for small- to medium-sized companies, *FX Week* has learned.

Rusate launched Rusate Capital Management on October 4, a day after he retired from GE after 25 years. He is relocating from Connecticut to Florida, where his new firm is based.

The advisory aims to provide clients with practical risk management strategies, help them solve their complex business challenges in a cost-effective way, and provide tailored solutions for customers to deal with their direct and indirect currency exposures or needs.

"I have a lot of experience in this area, and market insight from contacts on the banking and corporate side, as well as governments. This has allowed me to achieve above average results for 25 years at GE," Rusate tells *FX Week*.

While at GE, Rusate managed tens of billions of dollars in exposure in more than 150 currency pairs. He also served eight years on the New York Federal Reserve foreign exchange subcommittee, comprised of the head of hedge funds, bankers and two other corporations, in addition to himself.

“The extensive track record of working for one of the world’s pre-eminent companies for 25 years and providing significant results over that time, along with my external contacts, will help them get [an] insider view – something they probably wouldn’t be able to get with their current staff. This will augment them, and as their company grows they [will] have a strong foundation and process in place that will support that growth over time,” he says.

Rusate’s inspiration for founding Rusate Capital was banks downsizing their corporate sales desks as more FX execution moved over to electronic trading platforms. Prior to e-trading, humans played a critical role in FX execution. They would execute the trade over the telephone, but also provide market commentary and colour in currency pairs, which would help customers become better informed before executing their strategy.

“**Forward contracts can hit a home run for you, but if the currency moves adversely you can miss an opportunity gain**

David Rusate, Rusate Capital

“The purpose of this company is to serve those clients, some of which are owned by private equity and provide them with market expertise. It could be helping them [to] develop a policy that fits their culture and risk tolerance, establishing counterparts through Isda agreements, and setting up systems and processes to manage counterparty risk,” he adds. “The next step would be to work with the commercial sales and sourcing teams on how to look at FX, and use best practices when negotiating commercial or sourcing agreements.”

Hedging approach

Another area Rusate Capital will focus on is how companies can go about their hedging strategies as they grow and become more exposed to currency risks.

Rusate tells *FX Week* that when some companies first start to have international currency exposure, they do not hedge and may incur losses from adverse foreign exchange rate movements. "They then realise their currency exposure is getting too big and [that] they need to hedge it. Some might hedge using only forward contracts. Forward contracts can hit a home run for you, but if the currency moves adversely you can miss an opportunity gain," he says.

"A way we differentiate ourselves, as a company, is working with the commercial teams. We advocate the utilisation of a portfolio-hedging strategy approach. This will provide them with the best outcome from a risk perspective, with predefined outcomes, and providing some potential for opportunity gain to garner incremental other income and potential cashflow from operating activities," he adds.

Rusate will kick off phase two of the advisory in the first quarter of 2018, when he will add investment advice for large hedge funds, insurance firms and private equity companies that are looking to enhance the return on cash by taking positions in certain currencies.

Copyright Infopro Digital Limited 2017. All rights reserved.

You may share using our article tools. Printing this article is for the sole use of the Authorised User (named subscriber), as outlined in our terms and conditions - <http://www.incisivemedia.com/terms-conditions/insight-subscriptions/>