



The Impact of Having to Restate Financial Statements

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MARKET MOVING HEADLINES

- Fed prepared to raise rates further to combat inflation.
- US job openings slump to a 28-month low.
- US house prices decline for the fourth month.
- US mortgage rates rise to a 22-year high.
- US private employment rises less than expected.
- Gold hovers around 1-month highs.
- Euro strengthens to over a 2-week high.
- Chile jobless rate up to 8.8%.
- US goods trade deficit widens in July.

INTEREST RATES



Interest Rates

US TREASURY MARKET

MATURITY	YIELD	7-DAY CHANGE
3M	5.47%	0.18%
2Y	4.86%	-1.82%
5Y	4.25%	-2.52%
10Y	4.11%	-1.91%
30Y	4.24%	-1.17%

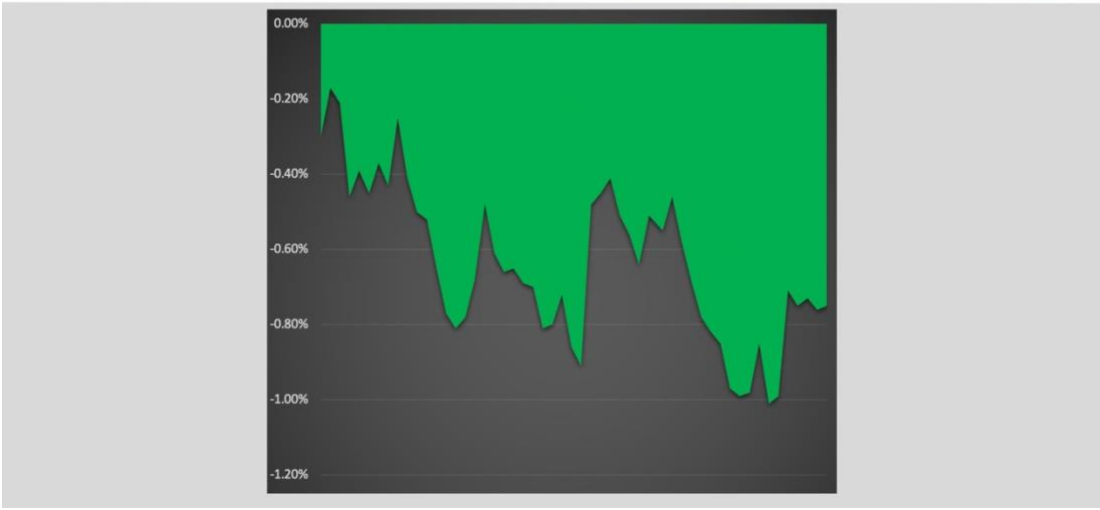


Interest Rates

2Y - 10Y SPREAD

DATE	SPREAD
7/13/23	-0.85%
7/20/23	-1.01%
7/27/23	-0.99%
8/3/23	-0.71%
8/10/23	-0.75%
8/17/23	-0.73%
8/24/23	-0.76%
8/31/23	-0.75%

2Y-10Y SPREAD - PAST 12 MONTHS



CURRENCIES

Currencies

CURRENCY PAIR	PRICE	7-DAY CHANGE
EUR/USD	1.093	0.55%
USD/JPY	145.832	0.79%
GBP/USD	1.272	-0.08%
AUD/USD	0.649	0.15%
USD/CAD	1.353	0.07%
USD/CNY	7.297	0.15%
USD/CHF	0.876	-0.11%
USD/HKD	7.847	0.08%
USD/MXN	16.763	-0.24%
USD/KRW	1320.840	-0.74%

COMMODITIES



Commodities

COMMODITY	PRICE	7-DAY CHANGE
Brent Crude Oil	85.750	2.41%
WTI Crude Oil	81.443	2.48%
Natural Gas	2.749	9.83%
Gold	1945.580	1.43%
Silver	24.773	1.81%
Copper	3.794	-0.29%
Steel	3716.000	-0.48%
Coffee	152.400	-0.07%
Sugar	25.550	6.59%
Cocoa	3549.000	6.90%
Cotton	87.180	1.09%

CONCEPT OF THE WEEK: THE IMPACT OF HAVING TO RESTATE FINANCIAL STATEMENTS

An error in reporting hedge accounting results can lead to the need to restate a company's financial statements. Restating financial statements involves correcting those errors and presenting accurate and reliable financial information to investors, regulators, and the public. Below is generally what happens when a company needs to restate its financial statements.

- **Identification of Error(s):** The company's internal audit, external auditors, or management discover the error(s).
- **Analysis and Correction:** The company should thoroughly investigate the errors to understand their nature, cause, and impact on the financial statements.
- **Restating Financial Statements:** After the corrections are made, the company will prepare revised financial statements that accurately reflect the corrected financial information.
- **Disclosure:** The company is required to disclose the restatement and the reasons for it. This is usually provided through a press release or a filing with a regulatory body.
- **Impact on Stakeholders:** Restating financial statements can have various implications for stakeholders. Investors might lose confidence in the company's financial reporting which could lead to a decline in the company's stock price. Creditors might reassess their lending terms, and regulators may scrutinize the company more closely.

- **Legal and Regulatory Consequences:** Depending on the severity of the errors, there could be legal consequences including regulatory actions and/or civil litigation.
- **Rebuilding Trust:** After a restatement, the company will need to rebuild trust with its stakeholders. This may involve improving internal controls, enhancing transparency in financial reporting, and demonstrating a commitment to accuracy and integrity.

Restating financial statements can have significant repercussions on a company's reputation, financial health, and legal standing. When reporting results from specialized activities such as hedge accounting, companies should consider enlisting external experts to ensure accuracy of reporting.

QUOTE OF THE WEEK

"A failure to plan is a plan to fail." – Benjamin Franklin

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