

FYBCOM (MS)/SEM II/Foreign exchange market and Derivatives

Time: 1 hr.

Marks:30

- Note:
1. Draw neat diagrams wherever necessary.
 2. Figures to the right indicate full marks.
 3. Write any TWO questions from the following
 4. Each question carry 15 Marks.

Q.1 Answer the following. [15]

- (a) Define forex market and explain the structure of forex market.
- (b) What is fixed exchange rate system. State its advantages and disadvantages.

Q.2 Answer the following. [15]

- (a) Define derivatives and state its types.
- (b) The following quote is given in Canada:
USD/CAD - 1.1630/1.1650
In which country, the quote is Direct?
In which country, the quote is Indirect?
What is Mid rate?
What is Spread?
What is Spread %.
Calculate Inverse quote.

Q.3 Answer the following. [15]

- (a) GBP/AUD = 1.8250/1.8349
GBP/EUR = 1.2650/1.2785
Find EUR/AUD.
- (b) Spot rate given is USD / SGD = 1.3320/1.3390
Swap points are as follows
1 month forward = 120/220
2 month forward = 820/940
3 month forward = 1120/1220
6 month forward = 1980/2080
Calculate the forward rate for 1, 2, 3 and 6 months.

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