## International Finance Finance E16110108

Total no: of Questions: 4 Duration (hrs): 3 Total no: of printed ages: 1
Maximum Marks: 60

## Note:

- 1 All questions are compulsory.
- 2 Figures to the right indicate marks.
- 3 Use of simple calculator is permitted.
- Q1. Solve the following:

(20 marks)

- a) Spot USD / CHF 1.3595 1.3605
   Spot GBP / USD 1.9135 1.9145
   Spot CHF / GBP 0.3808 0.3818
   Identify and calculate triangular arbitrage.
- b) Spot USD / SEK 6.0085 35
  90 days forward USD / SEK 6.0900 50
  USD interest rate 4.60 4.85%p.a.
  SEK interest rate 6.50 6.75%p.a.
  Identify and calculate interest rate arbitrage.
- Calculate 'Swap points' for 146 days based on the following data: Spot USD / CAD 1.1620 - 1.1630 USD interest rates: 4.1250 - 4.3750%p.a

CAD interest rates: 5.2500 - 5.5000%p.a

d) Spot USD / SGD 1.4320 - 1.4330 USD / CHF 1.3590 - 1.3600

1 Month Forward 05 - 15

12 - 07

3 Month Forward 17 - 33

42 - 31

Calculate 40 days forward CHF / SGD quotation.

- e) Bank A quotes: USD / INR 43 5335 85
  Bank B quotes: 100INR / USD 2.2985 90
  Calculate arbitrage gain, if any, assuming capital USD 5 million.
- Q2. a) Explain the features of the Bretton Woods system. What were the reasons for its failure? (7 marks)
  - b) Trace the origin and growth of the Euro currency market. What are the (8 marks) characteristic features of this market?
- Q3. Explain the following concepts:( ANY THREE ) (15 marks)
  - a) Depository Receipts.
  - b) Special Drawing Rights
  - c) Central Bank Intervention.
  - d) Credit risk faced by banks in foreign exchange dealings.
- Q4. International Capital Budgeting is a major responsibility of a finance (10 marks) manager. Do you agree with this statement? Justify.