

IF 03

18/10/2012

MMS-III
(Finance)

Roll No.

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Duration : 3 Hrs. International Finance.

Q.1 A) Find the Mid Rate, percentage spread and the indirect/direct rate of the given Quotations. 5

1) 1 USD = I N R 53.5350 / 53.5450

2) 1 GBP = USD 1.9985 / 15

3) 1 Euro - C H F 1.2392 / 12

B) Find the Quotation and % spread for the following details . 2^{1/2}

1) $A - B = 0.3850$

$A + B$

$\frac{\text{-----}}{2} = 1.3850$

2) Difference between Ask and Bid is 0.1250 and the mid rate is 53.5450. Find the Quotation and % spread of it. 2^{1/2}

(OR)

Q.1 (C) Explain Bretton Woods System. 5

Q.1 (D) What is Gold Standard 5

Q.2 (A) Find Arbitrage : (Both in base and Variable 2^{1/2}

Bank A 54.5425 / 75 Currency)

" B 54.5525 / 75

" C 54.5400 / 25

“ D 54.5450 / 75

- (B) A 1 GBP = USD 1.6292 /32 2^{1/2}
B 1 GBP = USD 1.6293 /03
C 1 GBP = UBP 0.6142 /38
D 1 USD = GBP 1.6143 /0.6141

Q.2 (C) Present USD 1 = INR 54.5450 2^{1/2}
US int. Rate 5% p.a.
Indian Int. Rate 10% p.a.
6 months forward Quotation available
USD / INR 54.5575 / 54.5600. Can you
make arbitrage ?

- D) A 1 Euro = USD 1.3232/ 52 2^{1/2}
B. 1 USD = C H F 1.1090/10
C. 1 C H F = Euro 0.6815/0.6792
Find Arbitrage if any, in Euro.

OR

- Q.2** E) Explain B O P and its Components 5
F) What do you understand by the term 5
Devaluation & Depreciation ? Explain with
examples.

Q.3 Find the forward Rates 5

- A) Spot USD/INR 55.5250 / 55.5450
1 Month Forward 200 / 400
2 “ “ 500 / 800
3 “ “ 900 / 1100

4	"	"	1200 / 1500
5	"	"	1800 / 2200
6	"	"	2500 / 3500

Also find the forward Rates of the following:

Spot GBP/USD 1.8292 / 12

1 Month Forward 05/15

2 " " 25 / 50

3 " " 75 / 100

4 " " 125 / 175

5 " " 200 / 225

6 " " 250 / 275

Find 18th day and 93rd DAY forward of GBP/INR.

- Q.3 B)** Find one to 8 months forward rates of the following details. **5**

Present Rate 1 GBP = USD 1.5291/11

The interest Rate in U.K. 8.75% p.a.

and in U.S. interest Rate 4.75% p.a.

OR

- Q.3 C)** Write about the Global Meltdown and about the need for financial Architecture. **5**

- D) Write about various types of Risks and exposure of the Forex Markets. **5**

- Q.4 A)** Differentiate and discuss about FDI/FPI **5**

- B) What do you know about Euro Currency Market? **5**

OR

- Q.4 C)** A) CITI Mumbai lends Rs.50 Cr./- to BOB Mumbai for 48 hours @ 5.70 % p.a. Incidental expenses Rs.500/- Brokerage Rs.500/- Cable

Charges Rs.250/-. Find the Cost of funds to the borrower. The Lender paid brokerage Rs.250/- fixed amount. Find the Interest income to the Lender. If Rs.53 = 1 USD, find how much Lender should borrow from overseas in case he borrows in USD from Own Office New York.

Q.4 D)

Year	Amount	Rate of Int.	Int. Paid on Last Day of
2015	7.07 Cr.	5.75%	March/Sept
2016	20.02 Cr.	6.50%	April/Oct
2017	50.01 Cr.	5.90%	May/Nov
2018	25.03 Cr.	4.95%	June/Dec.
2019	30.19 Cr.	5.20%	Feb./Aug.

Find Interest Accrued but not received AS ON DATE.

Q.5

Write ANY TWO

(2x5
=10)

- i) Explain the concepts Bulls, Bears, Arbitrage and Speculation.
- ii) With examples explain spot and forward contracts.
- iii) Explain Covered Interest Parity Theory with your own example.

Choose Either A and C (OR) B and C.
(Question C compulsory.)

2x5=
10)

- Q.6 A) The present rate of 1 USD = 50.5000 INR
6 Month forward Rate 1 USD = 50.5150
U S Interest Rate 5.75 % p.a.
Indian interest Rate 10.50 % p.a.
Find Covered interest parity Arbitrage, if any,
and give the profits in both Base Variable
Currency.
- B) Presently 1 GBP = USD 1.8252 / 1.8282
GBP int. Rate 5 % p.a. US interest Rate 3.5%p.a.
What do you expect the Quotation of (i) 4
months' forward.
ii) 128th day forward.

(OR)

- C) Write about Indian Foreign Exchange Market.

5

2x5 =

15