

International Finance

Roll No.

Total No. of Printed Pages: 04

Total No. of Questions : 07

Maximum Marks : 60

Duration (hrs.) : 3 HOURS

Section , if any : —

Note :

- Note** : 1. Question No.1 in compulsory.
 2. Write any 4 from question no. 2 to Question No.7.
 3. Marks given to the right indicates in full.

Q. 1 A) Read the following situation and answer the questions, 10 following it.

The Financial Architecture of the Financial world of the Globe seems to be getting disturbed because of the series of Global Melt down. From the Asian Crisis of 1997 till the 2011 BOP/Debt problem of USA the base of the financial Market been shaken hence the need for financial Architecture arises.

Questions :

1. Bringout the demerits of the exposure of financial markets due to Globalization. 5
2. Explain the need for international financial safety nets for Global Financial Peace. 5

B) Read the following and answer the questions given below it 10

The concept of compensating had been commonly found in the financial markets. Let us assume the following situation. In Australia the AUD gives 2.0340 itself for one unit of GBP. The 65 days forward rate is being quoted in the markets @ 2.0376. The 6 month interest rate in U.K. is 1.20 % and in Australia for 6 month interest rate is 2.40 % can you understand the situation and find out whether the forward rate GBP/AUD 2.0376 is the correct

rate. Apply any relating Theory and find out the appropriate rate of forward for 65 days and comment whether opportunity exists for arbitrage ? If so find out.

- Q. 2 Write any two (2x5) 10**
- A) Write the components of the balance of payments of a country. 5
- B) Find Forwards 5
- Spot Euro / USD 1.4145 / 1.4155
- 1 month Forward 10/5
- 2 month Forward 25/20
- 3 month Forward 48/33
- Calculate 40 days and 110 days forward Euro / USD Quotations.
- C) Find the forwards for 6 and 3 months. Spot GBP / USD 1.6895 5
- GBP interest rate 3.50 % p.a. and USD interest rate 3.90 % p.a.
- Q. 3 Write any two (2x5) 10**
- A) Fixed Exchange system prevails in some countries like china. 5
- Free float exchange rate system prevails in countries like U.S.A
- what do you know about different exchange rate systems ? what India follows ?
- B) CITI Mumbai lends @ 5.25 % to BOA Mumbai call money 5
- Rs.25.01 crores for 2 days. Both incurred brokerage Rs. 500 each.
- BOA relends it for small banks in equally two parts @ 5.75 % and another part @ 6.50 %. When BOA relends it incurs Rs. 150/- each brokerage. Find the net interest earned by CITI Mumbai and what Arbitrage profits / loss made by BOA Mumbai.
- C) Identify and calculate Arbitrage. 5
- Euro / USD 1.2498
- USD / CHF 1.2298
- CHF / Euro 0.6598
- Q. 4 Write any two. (2x5) 10**
- A) Differentiate between ordinary markets (spot) and Derivatives 5
- (options and futures) markets.

- B) Find out Arbitrage 5
 1 GBP = 2.5326/ 2.5336 CHF
 1 GBP = CHF 2.5345/55
- C) Average rate is 8.0050 for Euro / SEK. The spread between quotation is 100 points. Calculate the quotation and % spread of it. 5

Q. 5 **Write any two** (2x5) 10

- A) What all you know about India's convertibility status? 5
- B) Find the cross rate, then the mid rate of cross rate and % spread of it. GBP/USD 1.7090/10, GBP/Euro 1.2570/90 5
- C) Identify the countries from where the following quotations are indirect / direct and convert them in other rate. 5
- 1 Euro = CAD 1.5317/27
 100 INR = CHF 2.6888 / 78
 1 AUD = SEK 4.9850 / 9950
 USD 0.1818/08 per SEK
 USD 0.9000 / 0.8970 per SGD

Q. 6 **Write any two.** (2x5) 10

- A) Write about the Euro currency and Bond Markets. 5
- B) Find cross forwards for 2, 3, 4 months.
- USD / INR Spot 62.6200 / 62.6400
 USD / SGD Spot 1.3255/1.3265
 USD / INR forwards
- | | |
|---------|----------|
| 1 Month | 200/400 |
| 2 Month | 450/650 |
| 3 Month | 700/900 |
| 4 Month | 950/1100 |
- USD / SGD forwards
- | | |
|---------|---------|
| 1 Month | 150/140 |
| 2 Month | 130/120 |
| 3 Month | 110/100 |

4 Month 90/70

- C) Find Int. accrued but not credited to the account of a Bank's port folio. **Find as on date.** 5

Year of Maturity	Amount Crores	% Int. Rate	Int. paid on last date of
2016	1.32	4.50 %	Jan / July
2017	2.02	4.75 %	Feb / Aug
2018	4.12	5.00 %	Mar / Sept
2019	4.01	5.25 %	Apr / Oct

- Q. 7 **Write any two.** (2x5) 10
- A) Write about foreign flows. 5
- B) What risk faced by corporate entities. 5
- C) With examples write about various rates in foreign exchange markets. 5