

2.1 A) Say True or False (any eight)

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- 1) Foreign Exchange Market refers to exchange of various currencies of the world.
- 2) Gold standard Monetary system created History in foreign Exchange Market.
- 3) All currency Trading is not done in pairs
- 4) A lot is a smallest trade size.
- 5) LIS dollar is Almighty Dollar.
- 6) Swiss Franc is a banker's currency.
- 7) Speculators do not forecast.
- 8) Triangular Arbitrage is three point Arbitrage.
- 9) Bid price means selling price.
- 10) Lagging means delayed payment.

B) Abbreviations (any seven)

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|--------|---------|--------|--------|---------|
| 1) ARS | 2) BND | 3) CHF | 4) LKP | 5) HKD |
| 6) IMF | 7) CFTC | 8) TRY | 9) BRL | 10) ZAR |

Q. 2 A) Explain spot Market and forward Market.

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B) Discuss the advantages and disadvantages of Bretton woods system.

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OR

c) Explain in detail the various participants of Foreign Exchange Market.

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Q. 3 A) What is Floating Exchange Rate?

Write down the advantages of Floating Exchange Rate.

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B) Explain currency Basket and crawling Pegs

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OR

c) Elaborate the term 'spot trade' and 'currency futures'

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**Q. 4 A) Following quotes are Direct quotes. Identify the location and convert it into indirect
GBPLISD 1.2350 / 1.2390**

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LISDINR 62.50 / 62.80

OR

B) Findout Arbitrage gain for the following (Assume capital Rs. 10,00,000/-)

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LISDINR 55.60 / 55.80 – Bank A

LISDINR 54.20 / 54.60 – Bank B

Q. 5 Write short notes (any three)

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|-------------------------|-------------|--------------|
| 1. Overright | 2. Expiry | 3. Arbitrage |
| 4. Gold standard system | 5. Heading. | |

— The End —