TY FM
Sem-V

6/4/2016

Foreign exchange market.

QP Code : 26508

(2½ Hours) **[Total Marks :75**

N.B. : (1) **All questions are compulsory.**
(2) **Figures to the right indicate full marks.**
(3) **Use of simple calculator is allowed.**

1. (a) Explain the following terms:- **8**
   (i) NOSTRO Account
   (ii) FIAT currencies
   (iii) CHIPS
   (iv) Snake in the tunnel
1. (b) Explain different characteristics of international foreign exchange market. **7**

OR

1. (a) Explain the following terms:- **8**
   (i) Cross rate
   (ii) Bulls
   (iii) Arbitrage
   (iv) Spot contract
1. (b) Explain in detail Direct rates and indirect rates. **7**

2. (a) Explain in detail Gold standard. **8**
   (b) What is Smithsonian agreement? **7**

OR

2. (a) Explain in detail flexible exchange rate system. **8**
   (b) Explain different risks faced by commercial banks in Forex market. **7**

3. (a) GBP /USD 1.9355 - 1.9365 **8**
   USD /CHF 1.3705 - 1.3715
   GBP /CHF 2.6500 - 2.6510
   Identify and calculate Triangular arbitrage for GBP/ CHF quotation.
3. (b) USD/CHF mean rate 0.9406 spread = 0.0016 **7**
   Calculate: (i) % spread (ii) USD/CHF Quotation

OR

3. (a) USD/INR 60.0625/ 60.0675 **8**
   1 month forward 650 - 700
   2 month forward 1275- 1325
   Calculate (i) 1 month forward USD/INR
   (ii) 50 days forward USD/INR
   (iii) 2 month forward USD/INR

3. (b) Spot GBP/USD 1.9845 -1.9855 **7**
   USD interest rate 4.1250% - 4.3750% p.a.
   GBP interest rate 5.8750% - 6.1250% p.a.
   Calculate SWAP points for 3 months

[TURN OVER

4. (a) Explain the structure of Indian foreign exchange market.
   (b) Differentiate between future contract and forward contract.

   OR

   (a) What are PRO's and CON's of currency convertibility?
   (b) Explain in detail Tax havens

5. Write short notes [3 out of 5]
   (a) Vehicle currency
   (b) Clean Float and Dirty Float
   (c) Off shore Banking
   (d) FERA v/s FEMA
   (e) Role of RBI in Forex market.
