

Marks: 60

Duration: 2 Hours

Note:

- 1) Section - I is compulsory.
- 2) Attempt any three questions in Section - II

Section - I

Q.1. Explain the following concepts:

- a) Direct Quote
- b) Spot Deal
- c) LIBOR
- d) Hot Money
- e) Depositary Bank

(15)

Q.2.

(a) Spot EUR/SEK quote = 8.0035

3 Months Forward Rate is 8.0515

SEK interest rate is 4% p.a. and EUR interest rate is 2.40% p.a.

Find arbitrage gain, if any, on 1 Million

(5)

(b) Read the following case and answer the questions given below:

The rupee on Tuesday opened 5 paise higher at 65.44 against the US dollar.

The domestic currency on Monday plunged 29 paise or 0.44 per cent to close at a six-month low of 65.49 against dollar on widening trade deficit concerns amid heightened geopolitical worries.

It was the lowest closing since October 3, 2017, when it had settled at 65.50 against the US dollar

The Indian unit was the biggest loser among Asian currencies which suffered due to a strong US dollar after the strike on Syria by US, UK and France.

On the global front, oil prices rose on Tuesday amid worries there could be a high risk of disruptions to supply, especially in the Middle East. Brent crude oil futures were at \$71.80 per barrel at 0120 GMT, up 38 cents, or 0.5 per cent, from their last close. US West Texas Intermediate (WTI) crude futures were up 39 cents, or 0.6 per cent, at \$66.61 a barrel, Reuters reported. This has resulted in appreciation of USD value as well.

Answer the following questions:

- 1) What was the value of rupee against USD in Tuesday as per the case study? (2)
- 2) What has been the six month trend of rupee value against USD? (2)
- 3) What factors are impacting value of rupee? (2)

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- 4) How rupee value is determined in India? (2)
 5) What factors have positively impacted value of USD? (2)

Section – II

Q.3.

- (a) Identify and calculate triangular arbitrage on CHF/SGD on 1 mio (5)
 EUR/SGD 1.9578
 EUR/CHF 1.6478
 CHF/SGD 1.1878
- (b) The following quote is given by a bank in Delhi: 1 USD = INR 65.5025-90 (5)
 1) Calculate the Mid rate, Spread and Spread Percent.
 2) Calculate the Inverse Quote.

Q4.

- (a) Spot USD/INR rate is: 66.8250/90 (5)
 1 month forward points are: 130/160
 3 month forward points are: 350/390
 6 month forward points are: 650/7100
 Find 1, 3 and 6 months forward rates
- (b) Spot AED / INR 10.5065 (5)
 6 month forward rate: 10.9590
 Calculate 6 month AFM.

Q.5.

- (a) Explain the difference between Fixed and Flexible Exchange Rates. (5)
 (b) Discuss the features of Euro Currency Market. (5)

Q.6. Write Short notes on:

- (a) Bretton Wood System (5)
 (b) Global Depositary Receipt (5)