MBIB 4005

M.B.A. DEGREE EXAMINATION,
DECEMBER 2014/JANUARY 2015.

Fourth Semester

International Business

FOREX MANAGEMENT AND CURRENCY
DERIVATIVES

(2012–2013 Batch onwards)

Time: Three hours Maximum: 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions out of the following.

1. What are the characteristics of foreign exchange market?

2. Briefly explain the spot and forward markets.

3. What are the determinants of exchange rates?

4. Explain different types of foreign exchange exposure.

5. Identify the factors that determine forward margins.
11. What are fixed and floating exchange rates and why are they popular in foreign exchange markets?

10. What is the role of RBI in foreign exchange?

9. Answer any FIVE questions out of the following.

PART B — (6 x 10 = 60 marks)

8. Explain the major features of currency futures and systems.

7. What are the merits of gold standard money?

6. Distinguish between ready and forward exchange.

15. What is the difference between speculation and arbitrage?

14. How does currency derivatives trading work?

13. Write a note on execution, cancellation and extension of forward contracts.

12. Explain how foreign exchange swaps work. What stability are they served?

11. Which one will contribute to financial foreign exchange market?

10. What are cross rates and why are they popular in exchange markets?

9. What are fixed and floating exchange rates and why are they popular in foreign exchange markets?

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