POST GRADUATE DIPLOMA IN FINANCIAL MARKETS PRACTICE

Term-End Examination

June, 2016

MFP-4 : CURRENCY AND DEBT MARKETS

 Time : 3 hours
 Maximum Marks : 100

 Note :
 Attempt any five questions.
 All questions carry equal

 marks
 Maximum Marks
 Maximum Marks

- 1. What are the features of foreign exchange markets and how do they compare with other financial markets ?
- 2. Discuss the various theories of Exchange Rate Determination and elaborate on the major factors that influence currency volatility.
- 3. What are Forward Rate Agreements (FRA) ? Explain how FRA can be used to hedge currency risk.
- **4**. Explain the following :
 - (a) Delta Hedging
 - (b) Black Scholes Model
- 5. What is Money Market ? Describe the different types of money market instruments and briefly discuss the guidelines for the issuance of commercial paper.

MFP-4

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- 6. What are Government Securities ? Discuss the different types of government securities and explain their distinguishing features.
- 7. What is interest rate risk ? Explain the interest rate sensitivity policy and discuss its broad parameters.
- 8. What is meant by 'Duration' of a bond ? How is the duration and modified duration of a bond calculated ?

1