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**POST GRADUATE DIPLOMA IN FINANCIAL
MARKETS PRACTICE**

Term-End Examination

June, 2017

MFP-004 : CURRENCY AND DEBT MARKETS

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions. All questions carry equal marks.

1. Briefly explain the structure of the currency markets in India. Explain the meaning of derivatives and discuss the major currency derivative products that are traded.
2. Write short notes on :
 - (a) Calculation of Forward Premium/Discount Points.
 - (b) Economic Factors impacting exchange rates.
3. What are Forward Rate Arguments (FRAs) ? Explain how FRAs can be used to hedge currency risk ?
4. What are 'Foreign Currency Options' ? Discuss the factors that impact option valuation and explain some of the option trading strategies.

5. What is Money Market ? Who are the major participants in the money market ? List the various money market instruments and explain in detail about Collateralised Borrowing and Lending Obligation (CBLO) and Inter Bank Participation Certificates (IBPCs).
 6. Why do governments issue securities ? Discuss the general features of government securities and discuss the different types of government securities.
 7. What is 'Interest Sensitivity Analysis' ? Discuss the broad parameters of Interest Rate Sensitivity Analysis.
 8. What are 'interest rate swaps' ? Discuss the different types of interest rate swaps and explain the process of pricing interest rate swaps.
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