

**POST GRADUATE DIPLOMA IN
FINANCIAL MARKETS PRACTICE**

Term-End Examination

00712

June, 2019

MFP-004 : CURRENCY AND DEBT MARKETS

Time : 3 hours

Maximum Marks : 100

(Weightage : 70%)

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 products that are traded.
2. Discuss the various theories of Exchange Rate determination and elaborate on the major factors that influence currency volatility.
3. What is Currency Exposure ? Discuss the various techniques of currency exposure management.

4. What are 'Foreign Currency Options' ? Discuss the factors that impact option valuation and explain some of the option trading strategies.
 5. What are Government Securities ? Discuss the different types of government securities and explain their distinguishing features.
 6. Write notes on the following :
 - (a) Certificate of Deposit
 - (b) Bill Rediscounting Scheme
 7. What is meant by 'Duration of a Bond' ? How is duration and modified duration of bond calculated ?
 8. What is 'Interest Rate Futures' ? Explain the process of pricing of interest rate futures.
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