

**MASTER OF BUSINESS ADMINISTRATION  
IN FINANCIAL MARKETS (MBAFM)**

**Term-End Examination**

**00825      December, 2014**

**MCT-076 : FOREX MARKETS**

*Time : 3 hours*

*Maximum Marks : 100*

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

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1. What is the relation between interest rate, inflation and exchange rate ? Explain LIBOR/LIBID/LIMEAN and discuss how they are calculated. Explain the application of LIBOR. 20
2. Explain the various approaches used for forecasting foreign exchange rate. Discuss how technical analysis can be used to forecast future spot exchange rates. 20
3. Discuss in detail the various macro-economic factors influencing the forex market. 20

4. Define international business environment and clearly differentiate between domestic, foreign and global environment. How does the home country environment influence foreign business of a firm ? Explain. 20
  5. What do you understand by Spot and Forward rates ? Discuss the factors determining the forward margin and explain how forward premium/discount points are calculated. 20
  6. What are the various types of currency exposures ? Explain the various techniques of exposure management. 20
  7. Explain the basics of currency futures and discuss their advantages and disadvantages. Explain how currency future contracts are priced. 20
  8. How did currency swaps originate ? How did this lead to the development of the Swap Market ? What are the advantages of currency swaps ? 20
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