

00905

**POST GRADUATE DIPLOMA IN FINANCIAL
MARKETS PRACTICE**

Term-End Examination

December, 2018

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. What are the major intermediaries that participate in the currency market in India and discuss their role. Explain the meaning of currency derivatives and discuss the major currency derivative products that are traded in India.
2. Explain briefly, the main theories of Exchange rate determination and discuss the major economic factors that impact the Exchange rate of a country's currency.
3. What is Currency Exposure ? Discuss the various techniques of currency exposure management.
4. Explain the following :
 - (a) Put Call Parity
 - (b) Delta Hedging

5. What are 'Repurchase Arguments (REPOs) ? Explain their role in Money Market. Discuss the process of pricing a REPO.
 6. Write notes on the following :
 - (a) Collateralised Borrowing and Lending Obligation (CBLO)
 - (b) Commercial paper
 7. What do you understand by Interest Rate Risk ? Discuss the sources and effects of interest rate risk.
 8. What is meant by 'Duration of a bond' ? How is the duration, and modified duration of a bond calculated ?
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