

**MANAGEMENT PROGRAMME/POST
GRADUATE DIPLOMA IN FINANCIAL
MARKETS PRACTICE (MP/MFP)**

Term-End Examination

June, 2020

MFP-04 : CURRENCY AND DEBT MARKETS

Time : 3 Hours

Maximum Marks : 100

(Weightage : 70%)

Note : (i) Attempt any five questions.

(ii) All questions carry equal marks.

1. What is the meaning of Forex Market ? Describe the features of Foreign Exchange Market and discuss its unique characteristics vis-a-vis other segments of financial markets.

2. What are the Economic Factors Impacting Exchange Rates ? Differentiate between the Nominal Exchange Rate and Real Effective Exchange Rate (REER).
3. What is a currency swap ? Describe the Forward Rate Agreement (FRA) and explain its characteristics and features.
4. What are 'Currency Futures' ? Explain the trading, clearing and settlement process for currency futures.
5. Explain the following :
 - (a) Certificate of Deposits (CDs)
 - (b) Inter-Bank Participation Certificates (IBPCs)
6. What are the different types of Government Securities ? Discuss the features of government securities. Explain the advantages of investing in government securities.

7. ~~What~~ What is convexity ? How is it calculated ?
Explain the valuation process for zero coupon bond, premium, par and discount bond.

8. What is interest rate risk ? Explain the sources of interest rate risk and the effects of interest rate risk on banks. Briefly describe the GAP analysis and simulation approach.