FOREX CLASS 7 PART 2 HOME WORK SUPPORT COVERAGE

Question			Answer			Lecture Time
Q. No	Page no.	Book	Q. No	Page no.	Book	
26	9	CW Q BOOK	26	12	CW ANS BOOK	00:00:32 TO 00:23:40
2	55	HW ANS BOOK	2	56	HW ANS BOOK	00:23:41 TO 00:28:24

Topic 7 SWAP POINTS

Question 26: CW Q BOOK PAGE 9

On April 3, 2016, a Bank quotes the following:

Spot exchange Rate (US $ 1)	INR 66.2525	INR 67.5945
2 months' swap points	70	90
3 months' swap points	160	186

In a spot transaction, delivery is made after two days.

Assume spot date as April 5, 2016.

Assume 1 swap point = 0.0001,

You are required to:

i. ascertain swap points for 2 months and 15 days. (For June 20, 2016),

ii. determine foreign exchange rate for June 20, 2016, and

iii. compute the annual rate of premium/discount of US$ on INR, on an average rate.

(Source: ICAI)

Answer: CW ANS BOOK PAGE 12

i. Swap Points for 2 months and 15 days

	Bid	Ask
Swap Points for 2 months (a)	70	90
Swap Points for 3 months (b)	160	186
Swap Points for 30 days (c) = (b) – (a)	90	96
Swap Points for 15 days (d) = (c)/2	45	48
Swap Points for 2 months & 15 days (e) = (a) + (d)	115	138

ii. Foreign Exchange Rates for 20th June 2016

	Bid	Ask
Spot Rate (a)	66.2525	67.5945
Swap Points for 2 months & 15 days (b)	0.0115	0.0138
	66.2640	**67.6083**

iii. Annual Rate of Premium

	Bid	Ask
Spot Rate (a)	66.2525	67.5945
Foreign Exchange Rates for 20th June 2016 (b)	66.2640	67.6083
Premium (c)	0.0115	0.0138
Total (d) = (a) + (b)	132.5165	135.2028
Average (d) / 2	66.2583	67.6014
	$\frac{0.0115}{66.2583} \times \frac{12}{2.5} \times 100$ = 0.0833%	$\frac{0.0138}{67.6014} \times \frac{12}{2.5} \times 100$ = 0.0980%

Topic 7 SWAP POINTS

Question 2: HW ANS BOOK PAGE 55

On MARCH 11, 2022, a Bank quotes the following:

Spot exchange Rate (US $ 1)	INR 81.7800.	INR 81.9000
2 months' swap points	90	120
3 months' swap points	165	210

In a spot transaction, delivery is made after two days.

Assume spot date as March 13th 2022.Assume 1 swap point = 0.0001

You are required to:

i. ascertain swap points for 2 months and 10 days. (For May 23, 2022),

ii. determine foreign exchange rate for May 23 2022, and

iii. compute the annual rate of premium/discount of US$ on INR, on an average rate.

(Source: FOD)

Answer: HW ANS BOOK PAGE 56

i. Swap Points for 2 months and 10 days

	Bid	Ask
Swap Points for 2 months (a)	90	120
Swap Points for 3 months (b)	165	210
Swap Points for 30 days (c) = (b) – (a)	75	90
Swap Points for 10 days (d) = (c)/3	25	30
Swap Points for 2 months & 10 days (e) = (a) + (d)	115	150

ii. Foreign Exchange Rates for 23 may 2022

	Bid	Ask
Spot Rate (a)	81.7800	81.9000
Swap Points for 2 months & 10 days (b)	0.0115	0.0150
	81.7915	**81.9150**

iii. Annual Rate of Premium

	Bid	Ask
Spot Rate (a)	81.7800	81.9000
Foreign Exchange Rates for 20th June 2016 (b)	81.7915	81.9150
Premium (c)	0.0115	0.0150
Total (d) = (a) + (b)	163.5715	163.815
Average (d) / 2	81.7858	81.9075