

CA FINAL
STRATEGIC FINANCIAL MANAGEMENT
FOREX TEST
INVERSE RATES & CROSS RATES

Question 1 :

Bank A is quoting ¥/\$ at 103.50/10.

Find out implied \$/¥ in 6 decimal place.

Question 2 :

Given ₹/ \$ – 67.3870 / 67.3910

Calculate implied \$/₹ in four decimal place

Question 3 :

Given 1 Yen = AUD 0.00922/0.00925

Calculate implied Yen/AUD in four decimal place

Question 4 :

a. Bank A: \$ / £ 1.6510

Bank B: ¥ / £ 130.40

Compute ¥ / \$

b. Bank A: ₹ / £ 86.40

Bank B: £ / € 0.7340

Computed Implied ₹ / €

c. Bank A: ¥ / \$ 103.50

Bank B: ¥ / € 106.20

Compute Implied \$ / €

Question 5 :

a. Bank A - ₹ / £ 52.30 / 70

Bank B - \$ / £ 1.3250 / 10

Compute implied ₹/ \$

b. Bank A - ¥ / £ 130.30 / 10

Bank B - € / £ 1.3450 / 80

Compute implied ¥/ €

c. Bank A - AUD/£ 3.1725 / 3.1810

Bank B - AUD / CAD 0.8450 / 10

Compute implied £ / CAD

Question 6 :

Consider the following exchange rate quotations:

Bank A = ₹/\$ 57.20/57.60

Bank B = £/\$ 0.4650/0.4680

Bank C = CHF/£ 6.1120/6.1170

Compute synthetic ₹/CHF

Question 7 :

Given the following quotations:

BANK A	AUD/CAD	0.6740/10
BANK A	USD/CAD	0.5810/80

Calculate Imp AUD/USD

Question 8 :

Given the following quotations:

BANK A	₹/USD	60.1020/60.6750
BANK B	USD/GBP	1.3680/1.3740
BANK C	JPY/GBP	147.2040/147.8950

Calculate Imp ₹/JPY

Question 9 :

You sold Hong Kong Dollar 5,00,00,000 value spot to your customer at ₹7.80 and covered yourself In London market on the same day, when the exchange rates were

US\$ 1	H.K.\$	9.5770	9.5950
Local inter bank market rates for US\$ were			
Spot US\$ 1	₹	70.80	71.10

Calculate cover rate and ascertain the profit or loss in the transaction ignore brokerage.

Question 10 :

You sold € 1 million value spot to your customer at € 1= ₹ 74.80 and covered yourself in Singapore market on the same day when the exchange rate were as under:

Spot US\$ 1 = € 0.8390/0.8405

Local inter bank US\$ 1 = ₹ 62.2570/62.4680 (Brokerage paid ₹ 1,000)

Calculate the cross rate nearest to the fourth decimal and ascertain profit or loss in the transaction to the nearest Rupee.

Question 11 :

On January 28, 2005 an importer customer requested a bank to remit Singapore Dollar(SGD) 25,00,000 under an irrevocable LC. However due to bank strikes, the bank could effect the remittance only on February 4, 2005. The inter-bank market rates were as follow:

	January 28	February 4
Bombay US\$1	₹45.85/45.90	45.91/45.97
London £ 1	US\$ 17840/17850	1.7765/1.7775
£ 1	SGD 3.1575/3.1590	3.1380/3.1390

The bank wishes to retain an exchange margin of 0.125%.

How much does the customers tend to gain or lose due to the delay?

(Calculate rate in multiples of .0001)

Question 12 :

Laxmi Industries Ltd. is engaged in manufacturing and trading of handicraft products. It exported handicraft worth AUS\$ 2,50,000 to Beecorp Ltd. of Australia under a letter of credit and submitted all shipping documents to its banker on July 20, 2005. However, due to unavoidable circumstances bank could negotiate the bill on

August 10, 2005 and sent money to Laxmi Industries Ltd. after collecting an exchange margin of 0.15%.

The spot exchange rates in Mumbai and Singapore as on July 20, 2005 and August 10, 2005 are given below:

		July 20, 2005	August 10, 2005
Mumbai	₹ / Euro	53.68 / 72	54.09 / 14
Singapore	Skr / Euro	9.6308 / 12	9.6438 / 42
	Skr / AUS\$	5.9939 / 43	6.0005 / 10

You are required to **calculate** the rupees received by the exporter on August 10, 2005 and loss or gain to the exporter due to delay in negotiation of bill under the L/C.