

CA FINAL
STRATEGIC FINANCIAL MANAGEMENT
FOREX
TEST 3

Question 1 :

Consider the following exchange rate quotations:

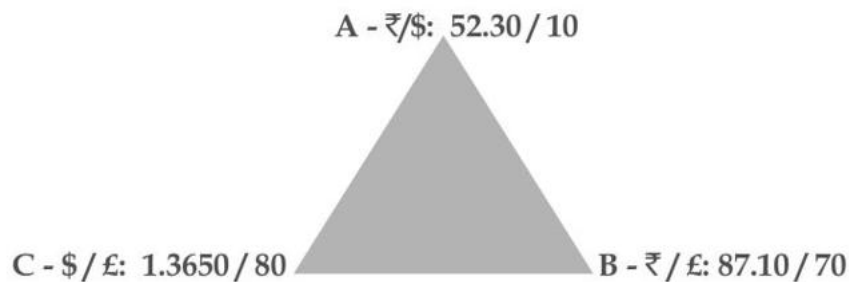
Bank A = $\$/\text{£}1.6140/1.6180$

Bank B = $\text{¥}/\$ 102.22/102.30$

Bank C = $\text{¥}/\text{£} 150.20/150.70$

Show arbitrage using $\text{¥} 3,000,000$.

Question 2 :



Show the process of triangular arbitrage using \$50000

Question 3 :

Given Spot rate = $\text{€}1.3450 / \text{£}$

2 month forward rate = $\text{€} 1.3410 / \text{£}$

Calculate annualized forward Premium / discount on each currency.

Question 4 :

Spot ₹/\$: 52.30 / 70

1 month Swap points : 30 / 40

2 month Swap points : 50 / 60

3 month Swap points : 110 / 90

Calculate the forward rates.

Question 5 :

Spot ₹/\$ 61.30/80
 3m Swap point 120/150
 6m Swap point 180/200

Calculate 100 day forward rate (up to 4 decimal places)

Question 6 :

Given the following quotation

Particulars	\$ / £	€ / £
Spot	1.3250 / 70	1.3620 / 90
3 months swap points	70 / 50	60 / 80

These are interbank rates.

If margin charged by bank is 0.5%. **Calculate** the rate at which a retail customer can sell € 40000 against \$ 3 month forward.