81.7994

81.8000

82.7525

82.7500

83.5250

| 25 50 75 100 |

83.4247 = 83.4250

QUESTION – 84 Selling

An importer requests his bank to extend the forward contract for US$ 20,000 which is due for maturity on 30th October, 2010, for a further period of 3 months. He agrees to pay the required margin money for such extension of the contract.

Contracted Rate – US$ 1= ₹ 42.32 Selling

The US Dollar quoted on 30-10-2010:-

Spot – 41.5000/41.5200

3 months' Premium - 0.87% / $\boxed{0.93\%}$

Margin money for buying and selling rate is 0.075% and 0.20% respectively.

Compute:

(i) The cost to the importer in respect of the extension of the forward contract, and

(ii) The rate of new forward contract.

(Study Material, PM & Exam $\boxed{\text{May – 2017}}$)

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① Extension charges

Selling Rate	= ₹ 42.32
(-) Buying Rate (41.5000 – 0.075%)	41.47
Loss to Customer	0.85
(X) Contract size	\$ 20000
Extension charges	₹ 17000

⑪ New FR

Selling Rate = ₹ 41.99

(41.52 + 0.93%) + 0.20%

QUESTION – 85

A bank entered into a forward sale contract with a customer for US dollar 500,000 due Sep. 15, at the rate of US dollar 1 = ₹ 34.60. On Sep. 15, customer requests the bank to cancel the contract.

H.W

H.W COPY

What will be the cancellation charge if the following is the spot rate in the interbank market?

US dollar 1 = ₹ 34.5000 – 34.5225

Exchange margin to be loaded by the bank is 0.080%

Loss = ₹ 65000

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QUESTION – 86

A bank booked a forward purchase contract for US dollar 250,000 with o customer at the rate of US dollar $\boxed{1 = ₹\ 34.50}$ due Oct. 30th 2005. On the due date customer requests the bank to cancel the contract.

H.W

HW Cary

The rates ruling in the interbank market on Oct. 30, 2005 are as under:

Spot US dollar 1: ₹ 34.9025 – 35.2050

What will be the cancellation charges of the bank if Banks load 0.150% for their exchange margin?

₹ 19000

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QUESTION – 87

Selling

On 15th January 2015 you as a banker booked a forward contract for US$ 2,50,000 for your import customer deliverable on 15th March 2015 at ₹ $\boxed{65.3450.}$ On due date customer request you to cancel the contract. On this date quotation for US$ in the inter-bank market is as follows:

Spot	₹ 65.2900/2975 per US$
Spot/April	3,000/3,100
Spot/May	6,000/6,100

Assuming that the flat charges for the cancellation is ₹ 100 and exchange margin is 0.10%, then determine the cancellation charges payable by the customer.

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Selling Rate ₹65.3450

Buying Rate ₹65.2250

(65.2900 - 0.10%)

65.2247

Loss to Customer ₹0.12

(X) Contract size $250000

₹30000

(+) Flat charge ₹100

Cancellation charges = ₹30100

QUESTION – 88

You as a banker has entered into a 3 month's forward contract with your customer to purchase AUD 1,00,000 at the rate of ₹ 47.2500. However after 2 month's your customer comes to you and requests cancellation of the contract. On this date quotation for AUD in the market is as follows:

H.W

Spot	₹ 47.3000/3,500 per AUD
1 month forward	₹ 47.4500/5,200 per AUD

Determine the cancellation charges payable by the customer.

AFM (Page No. 127)

27000

Buying 47.2500

Selling 47.5200

QUESTION – 89

A customer with whom the bank had entered into 3 months forward purchase contract for Swiss Francs 1,00,000 at the rate of ₹ 36.25 comes to the bank after two months and requests cancellation of the contract. On this date, the rates are:

Spot	CHF 1 = ₹ 36.30	36.35
One month forward	36.45	36.52

Determine the amount of profit or loss to the customer due to cancellation of the contract.

H.W Book मे

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QUESTION – 90

A customer with whom the Bank had entered into 3 months' forward purchase contract for Swiss Francs 10,000 at the rate of ₹ 27.25 comes to the bank after 2 months and requests cancellation of the contract. On this date, the rates, prevailing, are:

Spot	CHF 1 =	₹ 27.30	27.35
One month forward		₹ 27.45	27.52

What is the loss/gain to the customer on cancellation?

H.W. Book में

(Study Material & PM)

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QUESTION – 91

Suppose you as a banker entered into a forward purchase contract for US$ 50,000 on 5th March with an export customer for 3 months at the rate of ₹ 59.6000. On the same day you also covered yourself in the market at ₹ 60.6025. However on 5th May your customer comes to you and requests extension of the contract to 5th July. On this date (5th May) quotation for US$ in the market is as follows: 5/5

Spot	₹ 59.1300/1400 per US$
Spot/5th June FR	₹ 59.2300/2425 per US$
Spot/5th July	₹ 59.6300/6425 per US$

Assuming a margin 0.10% on buying and selling, determine the extension charges payable by the customer and the new rate quoted to the customer.

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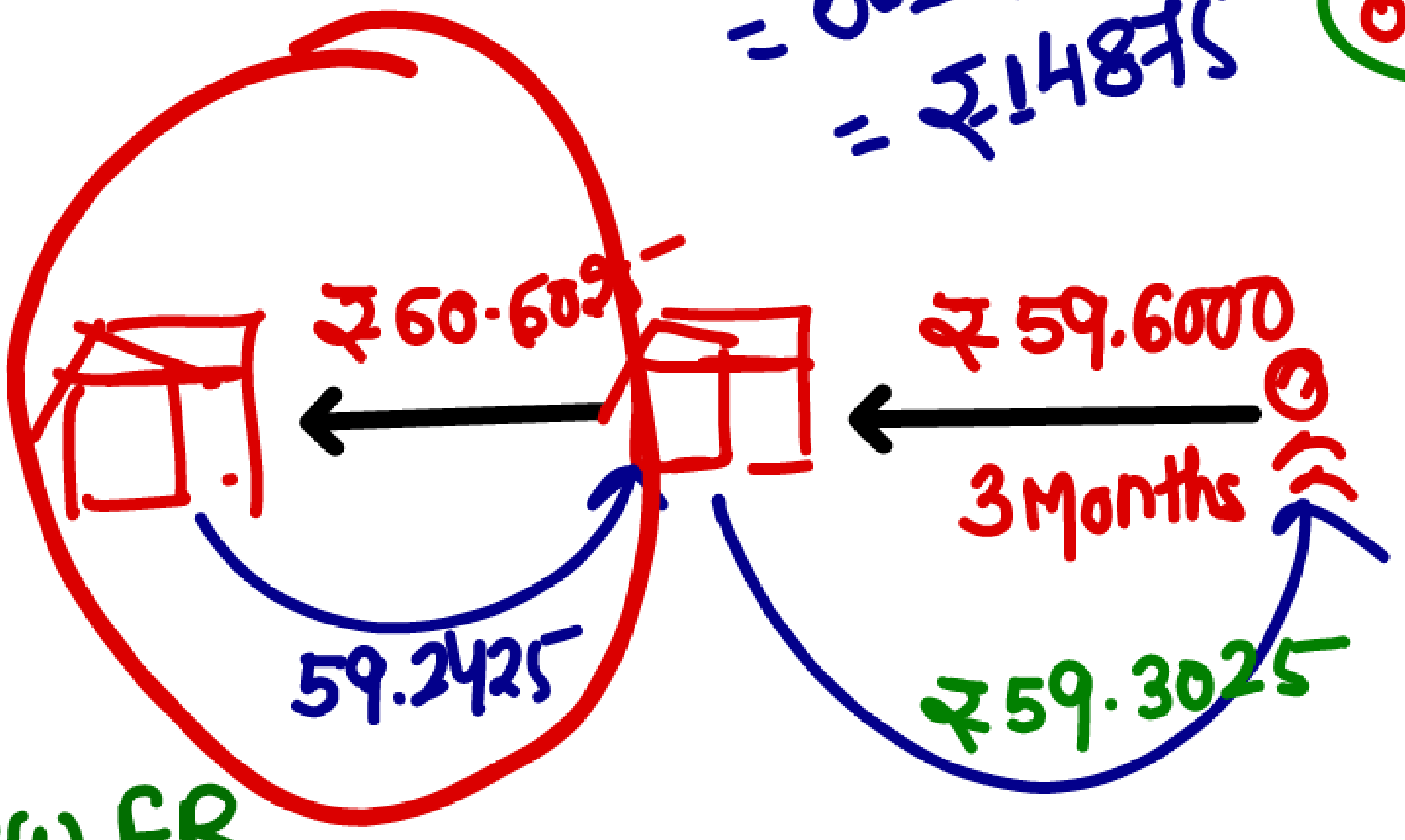
Gain = 0.2975 × $50000 = ₹14875

05/6



New FR

59.6300
− 0.10%

59.5704

59.5700

59.2425 + 0.10%

= 59.3017

= 59.3025

QUESTION – 92

Suppose you are a banker and one of your export customer has booked a US$ 1,00,000 forward sale contract for 2 months with you at the rate of ₹ 62.5200 and simultaneously you covered yourself in the interbank market at 62.5900. However on due date, after 2 months you customer comes to you and requests for cancellation of the contract and also requests for extension of the contract by one month. On this date quotation for US$ in the market was as follows:

ICAI 62.6800/62.7200

Spot	$\boxed{₹\ 62.7200/62.6800}$
1 month forward	₹ 62.6400/62.7400

Determine the extension charges payable by the customer assuming exchange margin of 0.10% on buying as well as selling.

AFM

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Buying Rate

62.5200

Selling Rate

62.7200

+ 0.10%

62.7827

62.7895

QUESTION – 93

A bank enters into a forward purchase TT covering an export bill for Swiss Francs 1,00,000 at ₹ 32.4000 due 25th April and covered itself for same delivery in the local inter bank market at ₹ 32.4200. However on 25th March exporter sought for cancellation of the contract as the tenor of the bill is changed.

In Singapore market, Swiss Francs were quoted against dollars as under:

Spot	USD 1 = Sw. Fcs.	1.5076/1.5120
One month forward	SG/$	1.5150/ 1.5160
Two months forward		1.5250 / 1.5270
Three months forward		1.5415/ 1.5445

and in the interbank market US dollars were quoted as under:

Spot	USD 1 = ₹ ₹/$	49.4302/.4455
Spot / April		4100/.4200
Spot/May		.4300/.4400
Spot/June		.4500/.4600

Calculate the cancellation charges, payable by the customer if exchange margin required by the bank is 0.10% on buying and selling.

(Study Material, PM & Exam November – 2015)

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