Option : Early delivery

Swap Loss/Gain

On 30/11, Bank entered into Sell-Buy swap in which Bank Sells at spot ₹75.22 & Buy 1 Month forward 75.42

Sell	75.22
Buy	75.42
Loss to Bank	0.20
(x) Contract size	\$100000
Swap Loss	₹20000

Intt on Cashflows

Cash Outflows ($100000 × ₹5.40) = ₹540000

Cash Inflows ($100000 × ₹5.22) ₹522000

Net Cash outflows 18000

$$\text{Intt} = 18000 \times 18\% \times \frac{31}{365}$$

$$= 275.18$$

Cash Inflows for Exporter

$$\text{Sell } \$ \; (\$100000 \times 75.40) = 7540000$$

$$(-) \text{ Swap Loss} = 20000$$

$$(-) \text{ Intt} = 275.18$$

$$\text{Net CI} \qquad \underline{\underline{7519724.82}}$$

option 2 Invest $

Invest $100000 @ 3% p.a. for 31 days

Intt ($100000 × 3% × 31/365) = $254.79

Sell $100000 at ₹75.40 = 7540000

Sell $254.79 at ₹75.32 = 19191

CI 7559191

option 2 is better due to higher CI.

QUESTION – 95

An importer booked a forward contract with his bank on 10th April for USD 2,00,000 due on 10th June @ ₹64.4000. The bank covered its position in the market at ₹ 64.2800.

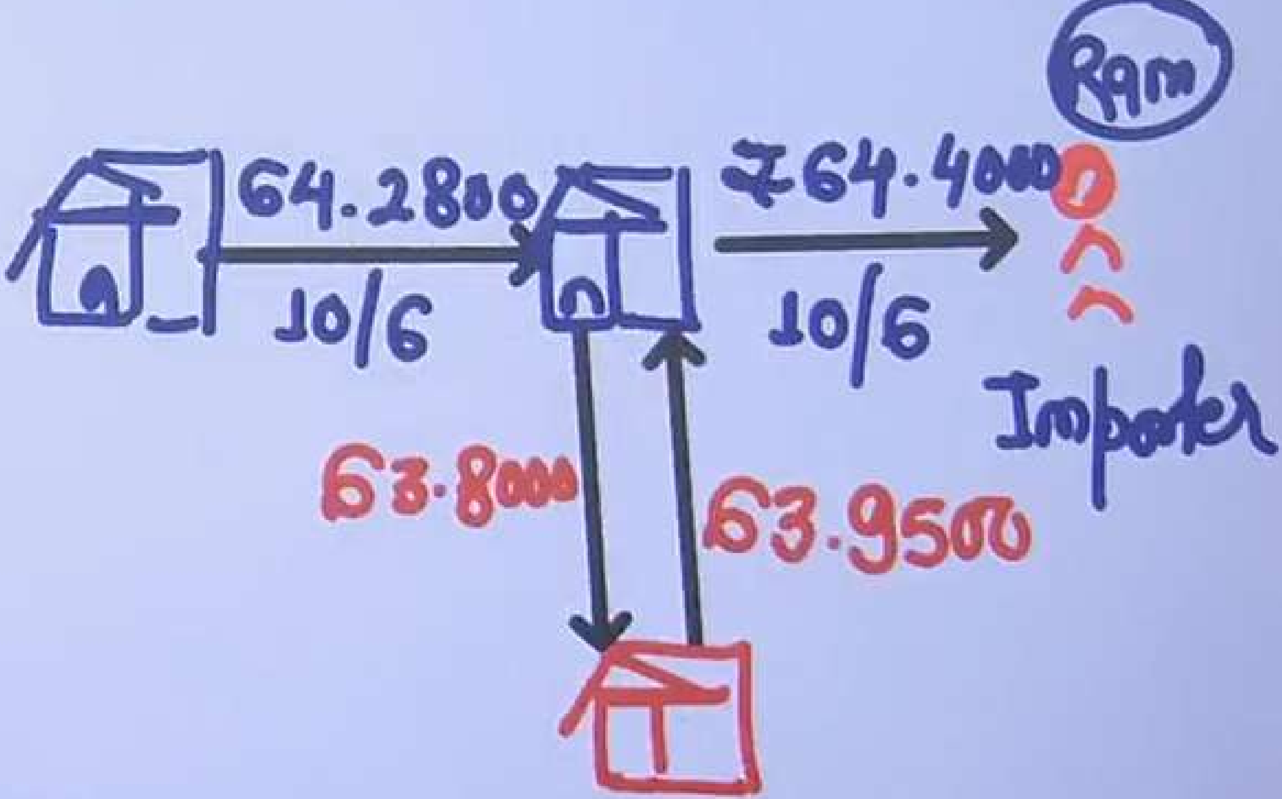
The exchange rates for dollar in the interbank market on 10th June and 13th June were:

	10th June	13th June
Spot	USD 1 = ₹ 63.8000/8200	₹ 63.6800/7200
Spot/June	₹ 63.9200/9500	₹ 63.8000/8500
July	₹ 64.0500/0900	₹ 63.9300/9900
August	₹ 64.3000/3500	₹ 64.1800/2500
September	₹ 64.6000/6600	₹ 64.4800/5600

Exchange Margin 0.10% and interest on outlay of funds @ 12%. The importer requested on 13th June for extension of contract with due date on 10th August.

Rates rounded to 4 decimal in multiples of 0.0025.


10/6
13/6
Due Date


Ram
64.2800
10/6
₹64.4000
10/6
Importer
63.8000
63.9500

On 10th June, Bank Swaps by selling spot and buying one month forward.

Calculate:

(i) Cancellation rate
(ii) Amount payable on $ 2,00,000
(iii) Swap loss
(iv) Interest on outlay of funds, if any
(v) New contract rate
(vi) Total Cost

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① Cancellation Rate

13 June SR	₹63.6800
(–) Margin	0.10%
	63.6163
Rounded off	63.6175

② Amt payable on $200000

Selling Rate =	₹64.4000
Buying Rate =	₹63.6175
Gain to Bank	₹0.7825
(x) contract size	$200000
Amt payable	₹156500 Profit

3 Swap Loss/Gain

On 10/6, Bank sell spot at ₹ 63.8000 & Buy forward 63.9500

Sell	₹ 63.8000
Buy	₹ 63.9500
Swap Loss	₹ 0.15
(x) contract size	$ 200000
Swap Loss	₹ 80000

अगर Swap Gain होता तो customer को Transfer नहीं करने।

(iv) Interest on outlay of fund

Cash Outflows (64.2800 × \$200000) = 12856000
Cash Inflows (63.8000 × \$200000) = 12760000

Net Cash outlay ₹96000

Intt $96000 \times 12\% \times \frac{3}{365}$ = ₹94.68

अगर Intt on outflow होता तो customer को Inf. नही करते

(v) New Contracted Rate

Aug Rate Available on 13/6

Spot/Aug	₹64.2500
(+) Margin	0.1%
	64.3142
Rounded off	64.3150

(VI) Total Cost

Cancellation charges : 156500

Cost of Loss = ₹30000

Intt on outlay of fund = ₹94.68

Total Cost 186594.68