[9] SEAT No. ________ No. of Printed Pages : 2 SC

SARDAR PATEL UNIVERSITY

B.B.A (International Business) Semester – VI

Code: UM06CBBB02/B02/F02

Subject: International Financial Management - IV

Date: 27-03-2019 **Time: 10:00A.M to 12:00P.M.**

Wednesday **Total Marks: 60**

Q-1 Explain in brief- Evolution of International Monetary System. 15

OR

Q-1 (a) Write a note on International Monetary Reforms. 07

(b) Discuss Sources and Quotas of IMF. 08

Q-2 Elaborate various International opportunities in context to Global Financial Market. 15

OR

Q-2 Write a note (a) Euro Currency Market (b) Euro Credit Market 15

Q-3 Consider the following data : 15

Spot £/$: 1.8500/10

3 Months Forwards : 1.8380/1.8400

3-month eurodollar : 10.00 /10.20 % p.a.

3-month eurosterling : 12.50 /12.00 % p.a.

(a) A British Firm has a 3-month dollar receivables. How should it hedge?

(b) A US firm has a 3- month sterling payable. How should it hedge?

OR

Q-3 (a) An Indian MNC has a surplus of Hungarian Forint 4.1 million and requirement of Indian Nation Rupees(INR) 1 million both for 3 months. Spot INR/Hungarian Forint rate is 4.05/4.10. and 3 month swap points are 10/8 .it can borrow INR at a rate of 8.5%p.a. and Invest Hungarian Forint at 7.25%p.a. Consider the following alternatives. 10

(i) Borrow INR & Invest Hungarian Forint for 3 months. Sell Hungarian Forint interest 3 month forward.

(P.T.O)

(ii) Swap the Hungarian Forint into INR for 3 months i.e. sell Hungarian Forint spot & buy 3 months forward both against INR.

(b) If GBP/USD Spot rate is : 2.7550/60, 05

Considering the following swap points, Find out relevant forward rate :

2-Months : 30/20

3-Months : 40/30

6-Months : 25/35

Q-4 Explain the terminologies of Call and Put option Strategies. 15

OR

Q-4 In June an American importer anticipates on payment of JPY 100 million to a Japanese supplier sometime in October. The current USD/JPY spot rate is 110.22(which imply a JPY/USD rate of 0.009073). An October yen call option on the PHLX, with strike price of $0.0092 per yen is available for a premium of $0.000225 per yen. Each yen contract is for JPY 6.25 million. 15

(i) What will be firms import cost if Yen depreciates to $0.0087?

(ii) What will be firms import cost if Yen appreciates to $0.0095?

(iii) What will be firms import cost if Yen depreciates to $0.0085?

— X —