

**POST GRADUATE DIPLOMA IN FINANCIAL  
MARKETS PRACTICE**

**Term-End Examination**

**December, 2016**

**MFP-004 : CURRENCY AND DEBT MARKETS**

*Time : 3 hours*

*Maximum Marks : 100*

*Note : Attempt any five questions. All questions carry equal marks.*

1. Describe the evolution of the Indian Foreign Currency market and its present structure.
2. Explain the concept of Real Effective Exchange Rate (REER) and discuss the factors that impact exchange rates.
3. What is Currency Exposure ? Discuss the various techniques of currency exposure management.
4. What are Currency Futures ? Explain the trading, clearing and settlement process of currency futures.
5. What are Repurchase Arguments (REPO) ? Explain their role in money market. Discuss the process of pricing a REPO.

6. Explain the following :
- (a) Yield based Auction
  - (b) Price based Auction
  - (c) Inter Bank Participation Certificate
  - (d) Bill Rediscounting
7. What is convexity ? Explain how the Value of a Zero coupon bond; premium bond, par bond and discount bond calculated.
8. What do you understand by Interest Rate Risk ? Discuss the sources and effects of interest rate risk.
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