JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MBA IV Semester Examinations, April/May-2019
INTERNATIONAL FINANCIAL MANAGEMENT

Time: 3hours   Max.Marks:75

Note: This question paper contains two parts A and B.
Part A is compulsory which carries 25 marks. Answer all questions in Part A. Part B consists of 5 Units. Answer any one full question from each unit. Each question carries 10 marks and may have a, b, c as sub questions.

PART - A   **5 × 5 Marks = 25**

1.a) What are the various methods of international financial? [5]
 b) What are the different agencies that facilitate International flow of funds? [5]
 c) What are the different exchanging methods based on euro based transactions? [5]
 d) What is Purchasing Power Parity? How is inflation being measured by Purchase Power Parity? [5]
 e) What is international portfolio management? How to calculate risk and return in international portfolio management [5]

PART - B   **5 × 10 Marks = 50**

2. Discuss the challenges in international financial management? [10]

OR

3. What you mean by international financial management? Explain its implications and various components? [10]

4.a) What are the factors affecting on International Trade flows?
 b) Discuss briefly the role of IMF. [5+5]

OR

5. Explain the current exchange rate arrangements. How does exchange rate regime effect on International Monetary System? [10]

6. What are the functions and structure of the Forex markets? [10]

OR

7. Assume today's settlement price on a CME EUR futures contract is $1.3140/EUR. You have a short position in one contract. Your performance bond account currently has a balance of $1,700. The next three days' settlement prices are $1.3126, $1.3133, and $1.3049. Calculate the changes in the performance bond account from daily marking-to-market and the balance of the performance bond account after the third day. [10]

8. What are the risks related to foreign exchange market? Explain exchange rate systems. [10]

OR

9. Suppose that the current spot exchange rate is €0.80/$ and the three-month forward exchange rate is €0.7813/$. The three-month interest rate is 5.6 percent per annum in the United States and 5.40 percent per annum in France. Assume that you can borrow up to $1,000,000 or €800,000.

a) Show how to realize a certain profit via covered interest arbitrage, assuming that you want to realize profit in terms of U.S. dollars. Also determine the size of your arbitrage profit.

b) Assume that you want to realize profit in terms of euros. Show the covered arbitrage process and determine the arbitrage profit in euros. [10]

10. What are the different techniques under international capital budgeting? [10]

OR

11. What is EXIM? What are the amendments executed in EXIM as the part of international trade? [10]

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