

QP CODE 2085518202

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DMI-ST. EUGENE UNIVERSITY

ZAMBIA

DEGREE EXAMINATION – DECEMBER 2023

Semester: VIII 551 CO82 FOREIGN EXCHANGE MANAGEMENT

Time: 3:00 Hours

Max. Marks: 100

Answer any FIVE Questions (5 x 20 = 100 Marks)

1. a) Explain the meaning of Foreign exchange management. (10 Marks)
b) Discuss the foreign exchange market. (10 Marks)
2. a) Describe in details the meaning of financial stability. (10 Marks)
b) Discuss with examples the meaning of financial stability. (10 Marks)
3. a) Elucidate the 4 types of future contracts. (10 Marks)
b) Describe the concepts of futures. (10 Marks)
4. a) Explain the details of swap. (10 Marks)
b) Describe the Characteristics of swaps. (10 Marks)
5. a) Discuss the types of exchange rate risk. (10 Marks)
b) Describe the management Short-term Interest Rate Risk Management. (10 Marks)
6. a) Explain the purchasing power parity in its absolute form. What are the assumptions of static form of PPP? (10 Marks)
b) How can PPP be used to determine expected spot exchange rate for speculative purposes? (10 Marks)
7. a) Differentiate with examples between arbitrage and speculation. (10 Marks)
b) Discuss the need for of futures for hedging. (10 Marks)