

National Testing Agency

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Introduction to Banking and Financial Markets

Group Number :	1
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Introduction to Banking and Financial Markets-1

Section Id :	94091832
Section Number :	1
Section type :	Online

Mandatory or Optional :	Mandatory
Number of Questions :	50
Number of Questions to be attempted :	50
Section Marks :	100
Enable Mark as Answered Mark for Review and Clear Response :	Yes
Sub-Section Number :	1
Sub-Section Id :	94091864
Question Shuffling Allowed :	Yes

Question Number : 1 Question Id : 9409181110 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

If the USD/CCU bid/ask spot rate is 25.60/80 and the one-month swap points is 10/15, then the one month USD/CCU forward rate is:

1. 25.50/95
2. 25.50/65
3. 25.70/65
4. 25.70/95

Options :

- 9409183895. 1
- 9409183896. 2
- 9409183897. 3
- 9409183898. 4

Question Number : 2 Question Id : 9409181111 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

A person has a choice to invest either in a taxable corporate bond paying 12% coupon or in a tax-free bond paying 8.75% coupon. In which bond should he invest, if he has to pay personal income tax @30%?

1. Taxable Corporate Bond
2. Tax-Free Bond
3. Both of the Bonds
4. None of the Bonds

Options :

9409183899. 1

9409183900. 2

9409183901. 3

9409183902. 4

Question Number : 3 Question Id : 9409181112 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Agents have _____ interest vis-à-vis the principal to maximize the profits of the firm.

1. Higher
2. Lower
3. Equal
4. No Interest

Options :

9409183903. 1

9409183904. 2

9409183905. 3

9409183906. 4

Question Number : 4 Question Id : 9409181113 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The change in 'yield to maturity' for a high-risk company will most likely be _____ than for a low-risk company.

1. Higher
2. Lower
3. Equal
4. No change

Options :

- 9409183907. 1
- 9409183908. 2
- 9409183909. 3
- 9409183910. 4

Question Number : 5 Question Id : 9409181114 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

If the expectation (as per pure expectation theory) is that yields will fall going forward. What happens to the flat yield curve then?

1. Slope downwards
2. Slope upwards
3. Shift in parallel
4. No Change

Options :

- 9409183911. 1
- 9409183912. 2
- 9409183913. 3
- 9409183914. 4

Question Number : 6 Question Id : 9409181115 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

On the maturity date, the inflation-indexed bonds are redeemed either at the original par value or the inflation-adjusted principal, whichever is _____.

1. Lower
2. Higher
3. Same
4. Need more information

Options :

9409183915. 1

9409183916. 2

9409183917. 3

9409183918. 4

Question Number : 7 Question Id : 9409181116 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

REER _____ 100 denotes the currency in overvalued and _____ 100 denotes the currency is undervalued with respect to all currencies in its currency basket.

1. below above
2. equal to equal to
3. above below
4. above above

Options :

9409183919. 1

9409183920. 2

9409183921. 3

9409183922. 4

Question Number : 8 Question Id : 9409181117 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

When the value of exports and imports are equal in any country, then they will have an _____ and _____ effect on the exchange rates.

1. opposite similar
2. equal similar
3. equal opposite
4. opposite opposite

Options :

9409183923. 1

9409183924. 2

9409183925. 3

9409183926. 4

Question Number : 9 Question Id : 9409181118 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

'Intermediaries underwrite the offer' means:

1. The intermediary will not subscribe fully to the equity stocks that remain unsubscribed after the offer is closed for public subscription
2. The intermediary will subscribe fully to the equity stocks that remain unsubscribed before the offer is closed for public subscription
3. The intermediary will subscribe fully to the equity stocks that remain unsubscribed after the offer is closed for public subscription
4. All of these options are correct

Options :

9409183927. 1

9409183928. 2

9409183929. 3

9409183930. 4

Question Number : 10 Question Id : 9409181119 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

'Mark-to-market' loss on investments in bonds means the current price is _____ than the price at which the bonds were purchased.

1. Higher
2. Lower
3. Equal
4. Not related

Options :

9409183931. 1

9409183932. 2

9409183933. 3

9409183934. 4

Question Number : 11 Question Id : 9409181120 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following fear prevents financial intermediaries from lending or investing in firms?

1. Unforeseen Loss
2. Moral Hazard
3. Adverse Selection
4. Information Asymmetry

Options :

9409183935. 1

9409183936. 2

9409183937. 3

9409183938. 4

Question Number : 12 Question Id : 9409181121 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Market interest rate is determined by the factors that control the _____ and _____ of loanable funds.

1. Inflation rate tax rate
2. Coupon rate...interest rate
3. Supply...demand
4. Yield...return

Options :

9409183939. 1
9409183940. 2
9409183941. 3
9409183942. 4

Question Number : 13 Question Id : 9409181122 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

If a person wishes to receive 1000 CCU at the end of fifteen years at a return of 6.0% per annum compounded, he would have to save _____ CCU today.

1. 412.72 CCU
2. 410.35 CCU
3. 417.26 CCU
4. 427.17 CCU

Options :

9409183943. 1
9409183944. 2
9409183945. 3
9409183946. 4

Question Number : 14 Question Id : 9409181123 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Traders in the secondary markets could trade and book a profit or book a loss during the tenor of _____ CDs, based on _____ movements.

1. Negotiable...exchange rate
2. Negotiable...interest rate
3. Retail...exchange rate
4. Retail.....interest rate

Options :

- 9409183947. 1
- 9409183948. 2
- 9409183949. 3
- 9409183950. 4

Question Number : 15 Question Id : 9409181124 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

In a REPO transaction, if the _____ value of the collaterals turns out to be _____ than the borrowed amount, additional collaterals are called for.

1. face greater
2. face less
3. mark-to-market greater
4. mark-to-market less

Options :

- 9409183951. 1
- 9409183952. 2
- 9409183953. 3
- 9409183954. 4

Question Number : 16 Question Id : 9409181125 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Banks participate in the call money market to square off the mismatches in their_____.

1. Long term liabilities
2. Quarterly cash flows
3. Daily cash positions
4. Foreign currency holding

Options :

9409183955. 1

9409183956. 2

9409183957. 3

9409183958. 4

Question Number : 17 Question Id : 9409181126 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

_____ is a post-dated payment instrument and is popularly referred to as _____.

1. Time draft...Letter of Credit
2. Time draft...Bankers' Acceptance
3. Bankers' Acceptance...Purchase order
4. Letter of Credit...Bankers' Acceptance

Options :

9409183959. 1

9409183960. 2

9409183961. 3

9409183962. 4

Question Number : 18 Question Id : 9409181127 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following bonds mature on pre-specified dates with a portion of the bond issue paid off on each maturity date?

1. Term bond
2. Serial bond
3. Convertible bond
4. Debenture

Options :

9409183963. 1

9409183964. 2

9409183965. 3

9409183966. 4

Question Number : 19 Question Id : 9409181128 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Discount rate in the case of bonds is the _____, whereas, in the case of equity stock, it is the _____ by the equity stockholders.

1. cost of equity capital...yield to maturity
2. coupon rate...interest rate
3. interest rate...coupon rate
4. yield to maturity...returns expected

Options :

9409183967. 1

9409183968. 2

9409183969. 3

9409183970. 4

Question Number : 20 Question Id : 9409181129 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Exchange rate volatilities could be exasperated if _____ and _____ are permitted to trade freely in the foreign exchange market.

1. saints...rogues
2. saints...speculators
3. rogues...arbitrageurs
4. speculators...arbitrageurs

Options :

9409183971. 1
9409183972. 2
9409183973. 3
9409183974. 4

Question Number : 21 Question Id : 9409181130 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

If the USD/CCU bid/ask spot rate is 55.50/70 and the one-month swap points is 15/20, then the one month USD/CCU forward rate is:

1. 55.35/50
2. 55.35/90
3. 55.65/50
4. 55.65/90

Options :

9409183975. 1
9409183976. 2
9409183977. 3
9409183978. 4

Question Number : 22 Question Id : 9409181131 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Non-sterilized intervention would mean the Central bank intervenes only in the _____ market but not in the _____ market.

1. money...foreign exchange
2. foreign exchange...money
3. money...long term
4. long term...foreign exchange

Options :

9409183979. 1

9409183980. 2

9409183981. 3

9409183982. 4

Question Number : 23 Question Id : 9409181132 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

If a speculator predicts that JPY is likely to appreciate with respect to USD going forward, he would _____ USD now (buy JPY) and _____ USD later (sell JPY)

1. buy...buy
2. sell...sell
3. sell...buy
4. buy...sell

Options :

9409183983. 1

9409183984. 2

9409183985. 3

9409183986. 4

Question Number : 24 Question Id : 9409181133 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

_____ arise at two levels in private equity firms:

- (1) between Limited partners and general partners, and
- (2) between general partners and portfolio companies

- 1. Moral hazard
- 2. Information asymmetry
- 3. Agency conflicts
- 4. Partnerships

Options :

- 9409183987. 1
- 9409183988. 2
- 9409183989. 3
- 9409183990. 4

Question Number : 25 Question Id : 9409181134 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following is NOT true for securities issued by the government (G-Sec)?

- 1. The yield on G-Secs would be higher than the yield on short-term T-Bills
- 2. The yield on short-term T-Bills would be relatively more volatile than the yield on G-Secs
- 3. Yield on G-secs would be relatively more volatile than the yield on T-Bills
- 4. Changes in inflation and money supply would impact the short term T-bills more than the G-Secs

Options :

- 9409183991. 1
- 9409183992. 2
- 9409183993. 3
- 9409183994. 4

Question Number : 26 Question Id : 9409181135 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Where one party gets involved in a risky transaction under the impression that it is protected against the risk and the other party will incur the cost is known as _____

1. adverse selection
2. information asymmetry
3. moral hazard
4. financial markets

Options :

9409183995. 1

9409183996. 2

9409183997. 3

9409183998. 4

Question Number : 27 Question Id : 9409181136 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The interest rate on CDs would be marginally _____ than the discount rate on Treasury Bills for an identical term because issuers of the CDs are considered to be _____ risky than the government of that country.

1. higher...less
2. lower...less
3. lower...more
4. higher...more

Options :

9409183999. 1

9409184000. 2

9409184001. 3

9409184002. 4

Question Number : 28 Question Id : 9409181137 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

When hedging a foreign currency cash flow, an exporter will today _____ the foreign currency in the futures market and an importer will today _____ the foreign currency in the future market.

1. sell.....sell
2. buy.....buy
3. sell.....buy
4. buy...sell

Options :

9409184003. 1

9409184004. 2

9409184005. 3

9409184006. 4

Question Number : 29 Question Id : 9409181138 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

In a European put option strike price is USD/CCU 56.00 at a premium of CCU 0.25 per USD, what is the spot price at which the holder is indifferent to whether to exercise the option or not.

1. 56.00
2. 56.25
3. 55.75
4. Need more information

Options :

9409184007. 1

9409184008. 2

9409184009. 3

9409184010. 4

Question Number : 30 Question Id : 9409181139 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

In perfect financial markets, 'Lemons' will go to the _____ and 'Peaches' will go to _____.

1. Banks...Financial Markets
2. Financial Markets...Banks
3. Banks...Banks
4. Financial Markets...Financial Markets

Options :

9409184011. 1
9409184012. 2
9409184013. 3
9409184014. 4

Question Number : 31 Question Id : 9409181140 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Using the unabridged Fisher equation, determine the nominal interest rate if expected inflation is 3.75% and the real interest rate is 1.05%. (Please submit your answer rounded off to two decimal places; i.e. if your answer is 5.789% or equivalently 0.05789, then you should submit an answer of 5.79).

1. 4.75
2. 4.80
3. 4.84
4. 4.90

Options :

9409184015. 1
9409184016. 2
9409184017. 3
9409184018. 4

Question Number : 32 Question Id : 9409181141 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The price of a bond at any given point will be _____ than its face value if coupon rate is _____ than its yield to maturity.

- i. Lower...lower
- ii. Lower...higher
- iii. Higher...higher
- iv. Higher...lower

Select all that apply.

- 1. Only ii
- 2. Only iii
- 3. Both i and iii
- 4. Both ii and iv

Options :

- 9409184019. 1
- 9409184020. 2
- 9409184021. 3
- 9409184022. 4

Question Number : 33 Question Id : 9409181142 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

A 10-year bond of face value 100 CCU and a coupon rate of 8% was issued exactly six years ago. If the yield to maturity today is 7%, what would be the price of the bond today?

- 1. 103.39
- 2. 104.30
- 3. 102.29
- 4. 103.10

Options :

- 9409184023. 1
- 9409184024. 2
- 9409184025. 3
- 9409184026. 4

Question Number : 34 Question Id : 9409181143 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following are two main triggers for insolvency in a financial asset company?

- i. Plant and Machinery that cannot be liquidated
- ii. Bad loans, i.e. loans that are not repaid by the borrowers
- iii. Investments that have a 'mark-to-market' loss
- iv. Assets that can be turned into cash readily

Select all that apply.

- 1. Only iii
- 2. Both i and ii
- 3. Both i and iv
- 4. Both ii and iii

Options :

9409184027. 1

9409184028. 2

9409184029. 3

9409184030. 4

Question Number : 35 Question Id : 9409181144 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following are the tools that help minimize the moral hazard problem?

- i. External Audit
- ii. Compliance to Standard Accounting Principles and Practices
- iii. Obtaining Collaterals
- iv. Restrictive Covenants in the loan contract

Select all that apply.

- 1. Both i and ii
- 2. ii, iii and iv
- 3. i, ii and iv
- 4. i, ii, iii and iv

Options :

9409184031. 1

9409184032. 2

9409184033. 3

9409184034. 4

Question Number : 36 Question Id : 9409181145 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

If the overall cash position (liquidity) in any financial system is _____, call money rates will _____.

- i. Positive ... increase
- ii. Positive ... decrease
- iii. Negative ... increase
- iv. Negative ... decrease

Select all that apply.

- 1. Only iii
- 2. Both ii and iii
- 3. Both i and ii
- 4. Both i and iv

Options :

9409184035. 1

9409184036. 2

9409184037. 3

9409184038. 4

Question Number : 37 Question Id : 9409181146 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Rearrange the following options according to the process flow in a Bankers' Acceptance:

- (a) Exporter sends relevant documents to his bank;
- (b) Exporter ships the goods;
- (c) Importer issues purchase order;
- (d) Holder sells the time draft in the secondary market;
- (e) Importer's bank issues a Letter of Credit;
- (f) Exporter's bank forwards the Letter of Credit to the exporter.

- 1. a, b, c, d, e, f
- 2. c, e, f, b, a, d
- 3. b, d, e, a, c, f
- 4. d, e, f, c, a, b

Options :

9409184039. 1

9409184040. 2

9409184041. 3

9409184042. 4

Question Number : 38 Question Id : 9409181147 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The quotation for the bond issued by a government is given as: "2016 GOU 6.75". Which of the following is true for this quotation?

- i. The year of issue of this G-Sec is 2016
- ii. The year of maturity of this G-Sec is 2016
- iii. The interest rate prevailing in that country is 6.75
- iv. The coupon rate applicable to this G-Sec is 6.75

Select all that apply.

- 1. Only ii
- 2. Only iv
- 3. Both ii and iii
- 4. Both ii and iv

Options :

9409184043. 1

9409184044. 2

9409184045. 3

9409184046. 4

Question Number : 39 Question Id : 9409181148 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Which of the following denote 'structural differences' between bonds and equity stocks issued by any firm?

- i. Bonds offer a contracted return whereas equity stocks offer a residual return
- ii. An investor can simultaneously hold the bonds as well as equity stocks issued by a firm
- iii. Return on equity stocks are intrinsically more volatile than the return on bonds
- iv. Risks in investing in the bonds issued by a firm are lower than the risk in investing in the equity stock issued by the same firm

Select all that apply.

- 1. Only ii
- 2. Both ii and iii
- 3. i, iii and iv
- 4. ii, iii, and iv

Options :

9409184047. 1

9409184048. 2

9409184049. 3

9409184050. 4

Question Number : 40 Question Id : 9409181149 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The bond-holder will _____ if the yield to maturity goes ____ from the time he buys the bond to the time he decides to sell it.

- i. make a profit.....up
- ii. suffer a loss.....up
- iii. make a profit.....down
- iv. suffer a loss.....down

Select all that apply.

- 1. Only ii
- 2. Only iv
- 3. Both ii and iii
- 4. Both iii and iv

Options :

- 9409184051. 1
- 9409184052. 2
- 9409184053. 3
- 9409184054. 4

Question Number : 41 Question Id : 9409181150 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Say, the outstanding amount in the first mortgage is 150,000 CCU and the second mortgage is 75,000 CCU. If the sale of the underlying real estate is sold off to realize 220,000 then the _____ on the second mortgage is _____.

- 1. profit.....70000 CCU
- 2. profit.....5000 CCU
- 3. loss.....5000 CCU
- 4. loss.....70000 CCU

Options :

- 9409184055. 1
- 9409184056. 2
- 9409184057. 3
- 9409184058. 4

Question Number : 42 Question Id : 9409181151 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

The currencies that have emerged most recently among the top ten currencies traded in the foreign exchange markets globally include:

- i. Chinese Yuan
- ii. Indian Rupee
- iii. Thai Baht
- iv. Mexican Peso

Select all that apply.

- 1. Only iii
- 2. Both i and iv
- 3. Both i and ii
- 4. Both iii and iv

Options :

9409184059. 1

9409184060. 2

9409184061. 3

9409184062. 4

Question Number : 43 Question Id : 9409181152 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Control rights of the equity stockholders include:

- i. Voting right proportioned to the percentage of equity stocks owned
- ii. Receive payment of the dividends proportional to their stock-holding in the firm
- iii. Elect the board of directors of the company
- iv. Approve the issue of additional equity stocks

Select all that apply.

- 1. Both i and iv
- 2. Both i and ii
- 3. ii, iii and iv
- 4. i, iii, and iv

Options :

9409184063. 1

9409184064. 2

9409184065. 3

9409184066. 4

Question Number : 44 Question Id : 9409181153 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Rearrange the following options according to the process flow in a Bankers' Acceptance:

- a. Advising bank forwards these documents along with a 'time draft' to the L/C issuing bank;
- b. Exporter ships the goods;
- c. Importer issues purchase order;
- d. On the due date, the ultimate holder of the accepted time draft will receive full payment from the accepting bank;
- e. Bankers Acceptance can be discounted (at the agreed discount rate) and funds credited to the exporter's bank account;

Importer's bank issues a Letter of Credit

1. c, b, f, e, a, d

2. c, f, b, a, e, d

3. c, f, b, d, e, a

4. f, c, a, b, d, e

Options :

9409184067. 1

9409184068. 2

9409184069. 3

9409184070. 4

Question Number : 45 Question Id : 9409181154 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

If the exchange rate USD/THB is 36.00 and THB appreciates by 10% and USD/MYR is 4.0 and MYR depreciates by 5%, what is the new MYR/THB exchange rate?

1. 7.77
2. 8.59
3. 9.20
4. 10.40

Options :

9409184071. 1
9409184072. 2
9409184073. 3
9409184074. 4

Question Number : 46 Question Id : 9409181155 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Using the annuity formula, determine the loan amount if the monthly mortgage payment is 400,000 CCU, the interest rate is 12% per annum and tenor of the loan is 10 years.

1. 29,807,021 CCU
2. 28,792,003 CCU
3. 27,880,209 CCU
4. 26,927,080 CCU

Options :

9409184075. 1
9409184076. 2
9409184077. 3
9409184078. 4

Question Number : 47 Question Id : 9409181156 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Bidding for T-Bill auction:

If the total securities on offer is: 425 million CCU

Face value of security: 100 CCU

Competitive bids received:

Bidders	Price	Yield	Amount of securities bid for
Bidder A	99.46	0.54	90 million CCU
Bidder B	99.44	0.55	110 million CCU
Bidder C	99.43	0.57	225 million CCU
Bidder D	99.41	0.59	100 million CCU

If the auction cut off yield is 0.57:

What would be the price for allotment of securities and which of the bidders will not get the allotment?

1. 99.44 CCU and Bidder A
2. 99.44 CCU and Bidder D
3. 99.43 CCU and Bidder A
4. 99.43 CCU and Bidder D

Options :

9409184079. 1

9409184080. 2

9409184081. 3

9409184082. 4

Question Number : 48 Question Id : 9409181157 Question Type : MCQ Option Shuffling : No Is

Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

Suppose there are four banks in any financial system: Bank A, Bank B, Bank C and Bank D.

Call Money Market Assumption: The financial system in that country is in equilibrium on that day.

Estimate the net cash surplus (or shortfall) for bank C and would it lend or borrow?

PARTICULARS	BANK A	BANK A	BANK A	BANK A
Cash Inflow	6000	11000	7000	15000
Cash Outflow	3350	10000	9100	11870
Reserve Requirements	720	1320	840	1800

1. -2940, Borrow
2. 1330, No Action
3. -2940, Lend
4. 1930, Lend

Options :

- 9409184083. 1
- 9409184084. 2
- 9409184085. 3
- 9409184086. 4

Question Number : 49 Question Id : 9409181158 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

If the exchange rate USD/MXN is 45.00 and MXN depreciates by 10% and USD/MYR is 9.0 and MYR appreciates by 5%, what is the new MYR/MXN exchange rate?

1. 4.29
2. 5.83
3. 0.23
4. 0.17

Options :

- 9409184087. 1
- 9409184088. 2
- 9409184089. 3
- 9409184090. 4

Question Number : 50 Question Id : 9409181159 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 2 Wrong Marks : 0

An investor has two choices:

(A) Invest USD 100,000 in the USD money market for 3 months at 4% per annum

(B) Convert USD 100,000 to EUR at the spot rate of EUR/USD 1.25, invest in the German money market at 6% per annum

If interest rate parity is to hold, what should be the 3 months forward exchange rate EUR/USD?

1. 22 EUR/USD
2. 1.24 EUR/USD
3. 1.26 EUR/USD
4. 1.28 EUR/USD

Options :

9409184091. 1

9409184092. 2

9409184093. 3

9409184094. 4