



PAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY
FACULTY OF MANAGEMENT SCIENCES

DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE

QUALIFICATION: BACHELOR OF ECONOMICS	
QUALIFICATION CODE: 07BECO	LEVEL: 7
COURSE CODE: IFN712S	COURSE NAME: INTERNATIONAL FINANCE
SESSION: NOVEMBER 2019	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION PAPER	
EXAMINER(S)	MR. MALLY LIKUKELA
MODERATOR:	MRS. BLESSING MUSARIRI

INSTRUCTIONS	
<ol style="list-style-type: none">1. This paper consist of section A,B and C2. Answer ALL questions3. Number your answers in accordance with the question paper.4. Start each section answer on a new page5. Write clearly and legibly	

PERMISSIBLE MATERIALS

1. Pen
2. Ruler
3. Calculator

THIS EXAMINATION PAPER CONSISTS OF 2 PAGES (Including this front page)

SECTION A**[15 Marks]****QUESTION 1****[5 MARKS]**

List five [5] main factors that affect exchange rate in any country.

QUESTION 2**[10 MARKS]**

Explain the difference between the following pairs of terms:

1. Spot market and Forward market
2. Dealers and Brokers
3. Eurobond and foreign bond.
4. Flexible and fixed exchange rate
5. Hedging and Speculation

SECTION B**[35 Marks]****QUESTION 1****[20 MARKS]**

Most of the Least Developed Countries (LDCs) are characterized by unsustainable level of debt but they continue to borrow even more, explain why do these countries experience unsustainable debt?

QUESTION 2**[15 MARKS]**

Briefly discuss the key market participants in the foreign exchange market and explain what their roles are.

SECTION C**[50 Marks]****QUESTION 1****[25 Marks]**

This question comprises of two parts;

- i. What is the Bretton wood system **[5 Marks]**
- ii. Compare and contrast the objectives of the IMF and World Bank **[20 Marks]**

QUESTION 2

[25 MARKS]

Explain how each of the following transactions will be classified and recorded in the debit and credit of the U.S. balance of payments:

- (a) A Japanese insurance company purchases U.S. Treasury bonds and pays out of its bank account kept in New York City.
- (b) A U.S. citizen consumes a meal at a restaurant in Paris and pays with her American Express card.
- (c) A Indian immigrant living in Los Angeles sends a check drawn on his L.A. bank account as a gift to his parents living in Bombay.
- (d) A U.S. computer programmer is hired by a British company for consulting and gets paid from the U.S. bank account maintained by the British company.