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**EXCHANGE RATE  
CALCULATIONS**

1. If the spot exchange rate between the British pound and the U.S. dollar is GBP/USD 0.7775, and the spot exchange rate between the Canadian dollar and the British pound is CAD/GBP 1.8325, what is the USD/CAD spot cross exchange rate?
- (A) 0.42428.  
 (B) 1.42477.  
 (C) 0.70186.

2. Spot and one-month forward exchange rates are as follows:

	Spot	1-month forward
EUR/DEF	2.5675	2.5925
EUR/GHI	4.3250	4.2800
EUR/JKL	7.0625	7.0075

Based on these exchange rates, the EUR is closest to a 1-month forward:

- (A) discount of 1% to the JKL.  
 (B) premium of 1% to the DEF.  
 (C) premium of 1% to the GHI
3. The USD/EUR spot exchange rate is 1.3500 and 6-month forward points are -75. The 6-month forward exchange rate is:
- (A) 1.3425, and the USD is at a forward discount.  
 (B) 1.3425, and the USD is at a forward premium.  
 (C) 1.3575, and the USD is at a forward discount.
4. If the current spot exchange rate for quotes of JPY/GBP is greater than the no-arbitrage 3-month forward exchange rate, the 3-month GBP interest rate is
- (A) equal to the 3-month JPY interest rate.  
 (B) greater than the 3-month JPY interest rate.  
 (C) less than the 3-month JPY interest rate.

5. The exchange rate of the Athelstan riyal (ATH) with the British pound is 9.00 ATH/GBP. The exchange rate of the Mordred ducat (MOR) with the U.S. dollar is 2.00 MOR/USD. If the USD/GBP exchange rate is 1.50, the ATH/MOR cross rate is closest to
- (A) 12.00 ATH/MOR.
  - (B) 3.00 ATH/MOR.
  - (C) 6.75 ATH/MOR
6. The spot exchange rate is 0.6243 USD/GBP and the 1-year forward rate is quoted as 3.016%. The 1-year forward exchange rate for USD/GBP is closest to:
- (A) 0.6054.
  - (B) 0.6431.
  - (C) 0.6544.
7. Given the following quotes, GBP/USD 2.0000 and MXN/USD 8.0000, calculate the direct MXN/GBP spot cross exchange rate
- (A) 0.6250.
  - (B) 4.0000.
  - (C) 0.2500.
8. Assume the exchange rate between the Trotter (TRT) and the Roeckl (RKL) is 5.50 TRT/RKL and the exchange rate between the Roeckl and the Passage (PSG) is 8.00 RKL/PSG. The cross rate between the PSG and the TRT is closest to:
- (A) 0.0227 PSG/TRT.
  - (B) 44.00 PSG/TRT.
  - (C) 0.6875 PSG/TRT
9. The Japanese yen is trading at JPY/USD 115.2200 and the Danish krone (DKK) is trading at JPY/DKK 16.4989. The USD/DKK exchange rate is:
- (A) 0.1432.
  - (B) 6.9835.
  - (C) 0.5260.
10. The spot exchange rate between the U.S. dollar and the euro is 1.2749 USD/EUR. The 90-day forward exchange rate is quoted as +12.4 points. The forward exchange rate is closest to:
- (A) 1.2761 USD/EUR.
  - (B) 1.3989 USD/EUR.
  - (C) 1.4329 USD/EUR.

11. When forward currency exchange-rate contracts are available, the difference between the spot and forward exchange rates for a pair of currencies is most likely to reflect the difference between the two countries':
- (A) economic growth rates.
  - (B) risk-free interest rates.
  - (C) annual inflation rates.
12. The spot exchange rate for Canadian dollars (CAD) per Swiss franc (CHF) is 1.1350 CAD/CHF and the 12-month forward exchange rate is 1.1460 CAD/CHF. The forward quote is a:
- (A) discount of 110 points and the CAD is at a forward discount to the CHF.
  - (B) premium of 11 points and the CAD is at a forward premium to the CHF premium
  - (C) of 110 points and the CAD is at a forward discount to the CHF.
13. The spot exchange rate is 1.1132 GBP/EUR and the 1-year forward rate is quoted as +1349 points. The 1-year forward exchange rate for GBP/EUR is closest to:
- (A) 1.1267.
  - (B) 1.2481.
  - (C) 1.2634.
14. Country G and Country H have currencies that trade freely and have markets for forward currency contracts. If Country G has an interest rate greater than that of Country H, the no-arbitrage forward G/H exchange rate is:
- (A) equal to the G/H spot rate.
  - (B) greater than the G/H spot rate.
  - (C) less than the G/H spot rate.
15. The spot exchange rate for CHF/EUR is 0.8342 and the 1-year forward quotation is -0.353%. The 1-year forward exchange rate for EUR/CHF is closest to:
- (A) 1.2022.
  - (B) 0.8313.
  - (C) 1.2029.
16. If the AUD/CAD spot exchange rate is 0.9875 and 60-day forward points are -25, the 60-day AUD/CAD forward rate is closest to:
- (A) 0.9900.
  - (B) 0.9850.
  - (C) 1.0125.
17. The three-month interest rate in the currency MNO is 4% and the three-month interest rate for the currency PQR is 5%. Based only on this information, the three-month forward MNO/PQR exchange rate:

- (A) is greater than spot MNO/PQR.  
(B) may be greater than or less than spot MNO/PQR.  
(C) is less than spot MNO/PQR.
18. An analyst observes that one U.S. dollar is worth eight Mexican pesos (MXN) or six Polish zlotys (PLN). The value of one PLN in terms of MXN is closest to:  
(A) 0.7500.  
(B) 7.0000.  
(C) 1.3333.
19. Given an exchange rate of USD/CAD 0.9250 and USD/CHF 1.6250, what is the cross rate for CAD/CHF  
(A) 0.5692.  
(B) 1.5032.  
(C) 1.7568
20. If the no-arbitrage forward exchange rate for a euro in Japanese yen is less than the spot rate, then the interest rate in  
(A) Japan is less than in the Eurozone.  
(B) Japan is the same as in the Eurozone.  
(C) the Eurozone is less than in Japan.
21. If the exchange rate between the U.S. dollar and the Canadian dollar is USD/CAD 0.6403, and the exchange rate between the Canadian dollar and the UK pound sterling is CAD/GBP 2.5207, the exchange rate between the U.S. dollar and the UK pound sterling, stated as GBP/USD, is closest to  
(A) 1.6140.  
(B) 3.9367.  
(C) 0.6196.
22. The spot CHF/EUR exchange rate is 1.2025. If the 90-day forward quotation is +0.25%, the 90-day forward rate is closest to  
(A) 1.2000.  
(B) 1.2050.  
(C) 1.2055

