

**VEER NARMAD SOUTH GUJARAT UNIVERSITY, SURAT**  
**FOREIGN EXCHANGE MANAGEMENT**

**Objectives:**

To acquaint the Participants/Students with the mechanism of the Foreign Exchange Market. To provide understanding on measurement of foreign exchange exposure.& management of exposures.

**Contents:**

1. Introduction to Foreign Exchange Markets and Transactions:

Spot-forward rates, Cross Rates

Quoting Foreign Exchange Rates

Bid-Ask Spread

Official and Free Market Rates

2. Theory and Practice of forecasting exchange rates

– Financial and Socio-Political Factors

– Technical Analysis

(BOP/PPP/IFE/IRP/charting and other technique)

3. Derivatives:

– Currency Futures

– Currency Options

– Swaps: Currency and interest rate

4. Corporate Exposure Measurement and Management:

– Translation

– Transaction

– Economic

– Alternative Definitions of Foreign Exchange Risk

– Information System

– Alternative Strategies for Exposure Management

– Exposure Management Techniques

– Parameter and constraint of exposure management

**References:**

1. Alder, R.Z. Exchange Risk and Corporate international Finance, London Macmillan, 1978.
2. Bhalla, V.K. International Financial Management, 2<sup>nd</sup>, Delhi, Anmol, 2001.
3. Luca Comelius, Trading in the Global Currency Market, NJ. Prentice Hall, 1995.
4. Shapiro A.C. International Financial Management, Boston, Allyn and Bacon, 1979
5. Sutton, W.H. Trading in currency Options, NY, New York Institute of Finance, 1987.
6. Hull John C. Option, Futures 2<sup>nd</sup> Other Derivatives Pearson Education Inc. Delhi, 2003.
7. Apte. P.G., International Financial Management.