

Seminar 2.

1. If the Japanese yen–U.S. dollar exchange rate is ¥104.30/\$, and it takes 25.15 Thai baths to purchase 1 dollar, what is the yen price of the baht?
2. Alumina Limited of Australia has called Mitsubishi UFJ Financial Group to get its opinion about the Japanese yen–Australian dollar exchange rate. The current rate is ¥67.72/A\$, and Mitsubishi thinks the Australian dollar will weaken by 5% over the next year. What is Mitsubishi UFJ’s forecast of the future exchange rate?
3. Please, go to Refinitiv or another financial web site and calculate cross-currency rate for MXN/CAD. Calculate the cross rate and figure out if there is an arbitrage opportunity for theoretical price of MXN/CAD equals to 0,090?
4. Go to www.fxstreet.com (or tradingview.com), find the “Rates and Charts” and “Live Charts” and “Chart Tools” and plot the exchange rate of the dollar vs. the euro with a “candle stick” high-low chart at 5-minute intervals for one day, daily intervals for one month, and weekly intervals for one year. Find on the chart some trends and observe the dynamics. What are the drivers of FX movements?
5. How large are the bid–ask spreads in the interbank spot market? What is their purpose? Go to tradingview.com web site and find bid and ask price of EUR/USD. Calculate the spread in percentage points.
6. You know the following quotations on the market. Is there arbitrage opportunity?

$$\text{GBP/EUR} = 1.4650$$

$$\text{USD/EUR} = 0.9153$$

$$\text{GBP/USD} = 1.5593$$