International Finance MCQ Question

Q.1 Global bond market consists of all bonds sold by issued companies, governments, or other firms

   A. within their own countries
   B. **outside their own countries**
   C. to London banks
   D. to developing nations only

Q.2 more instability in currency is called as

   A. country risk
   B. financial risk
   C. **currency risk**
   D. liquidity risk

Q. 3. Foreign bonds issued in Japan are known

   A. bulldog bonds
   B. dragon bonds
   C. Yankee bonds
   D. **samurai bonds**

Q. 4. Largest number of buyers and sellers, greater the

   A. **liquidity**
   B. speculation
   C. hedging
   D. forward rate

Q. 5. Exchange rate entail delivery of trade currency within two business days know as

   A. forward rate
   B. future rate
   C. **spot rate**
   D. bid rate
Q. 6. Differences in nominal interest rates are removed in exchange rate is

A. fisher effect
B. Leontief paradox.
C. Combined equilibrium theory.
D. purchasing power parity

Q. 7. Simplicity with which bondholders and shareholders can change their investments into cash is known

A. barter
B. hedging
C. arbitrage
D. liquidity

Q. 8. Eurobonds are admired because

A. they are less risky than traditional bonds
B. European companies are considered very stable
C. of absence of government regulation
D. they are always denominated in euro

Q. 9. Bid quote is for

A. seller
B. buyer
C. hedger
D. speculator

Q. 10. Bid-ask spread in foreign exchange market is the

A. price of currency in foreign exchange market
B. difference between bid and ask quotes for a currency
C. price at which a bank will buy a currency
D. price a bank will pay for a currency

Q. 11. Not aim of international capital market is

A. preserving hard currencies to finance trade deficits
B. reducing cost of money to borrowers
C. reducing investor risk
D. expanding money supply for borrowers

Q. 12 which of following causes do investors employ foreign exchange market
A. currency hedging  
B. currency speculation  
C. currency conversion  
D. all of above  

Q. 13 in 1944 international accord is recognized as  

A. Breton Wood Agreement  
B. Exchange Agreement  
C. International Trade  
D. Fisher Effect  

Q. 14. If a company agreements today for several future date of real currency exchange, they will be building use of a  

A. stock rate  
B. stock rate  
C. futures rate  
D. forward rate  

Q. 15. International Money Market is for about  

A. 2 years  
B. 3 years  
C. 5 years  
D. 1 years  

Q. 16. Case of foreign exchange  

A. Exchange of claims denominated in another currency.  
B. exchange of bank deposits  
C. Exchange of cash issued by a foreign central bank.  
D. All of above.  

Q. 17. Gold standard introduced in  

A. 1913  
B. 1990  
C. 1876  
D. 1944  

Q. 18. Market in which currencies buy and sell and their prices settle on is called the  

A. Eurocurrency market
B. international capital market  
C. international bond market  
D. foreign exchange market

Q. 19. International capital market

A. innovative financial instruments  
B. information technology  
C. deregulation  
D. foreign exchange rates

Q. 20 Order cost is cost of the

A. executing order  
B. processing order  
C. opportunity cost  
D. none of these

Q. 21 International capital market

A. limits available set of lending opportunities  
B. increases overall portfolio risk for investors  
C. allows investors to reduce risk by holding international securities whose price move independently  
D. is easily accessible to everyone

Q. 22. Ask quote is for

A. seller  
B. buyer  
C. hedger  
D. speculator

Q. 23. A firm that purpose to connect sellers and buyers of foreign currency-denominated bank deposits is entitled

A. a wholesaler  
B. a broker  
C. a bank  
D. an investor

Q. 24 A simultaneous purchase and sale of foreign exchange for two different dates
A. currency devalue
B. currency swap
C. currency valuation
D. currency exchange

Q. 25 If your local currency is in variable form and foreign currency is in fixed form quotation will be:

A. indirect
B. direct
C. local form
D. foreign form

Q. 26 In a quote exchange rate, currency that is to be purchase with another currency is called:

A. liquid currency
B. foreign currency
C. local currency
D. base currency

Q. 27 Holding an inventory have

A. buying cost
B. selling cost
C. opportunity cost
D. exchange rate risk

Q. 28. Today, important factor that result in augmentation in international bond market is

A. low interest rates
B. high interest rates
C. moderate interest rates
D. all of above

Q. 29 World

A. interbank market
B. Eurocurrency market
C. securities exchanges
D. over-the-counter market

Q. 30 Governments enforce currency limitations to
A. protect a currency from speculators
B. keep resident individuals and businesses from investing in other nations
C. preserve hard currencies to finance trade deficits or repay debts
D. all of above

Q. 31 in primary markets, the first time issued shares to be publicly traded, in stock markets is considered as

A. traded offering
B. public markets
C. issuance offering
D. initial public offering

Q. 32 The exchange markets and over the counter markets are considered as two types of

A. floating market
B. risky market
C. secondary market
D. primary market

Q. 33 the current market price of common stock is $15 and the conversion rate received on conversion is $320 to calculate

A. $3,800
B. $2,800
C. $4,800
D. $5,800

Q. 34 the transaction cost of trading of financial instruments in centralized market is classified as

A. flexible costs
B. low transaction costs
C. high transaction costs
D. constant costs

Q. 35 The bonds that are backed by cash flow from project and are sold to finance particular project are classified as

A. finance bonds
B. revenue bonds
C. financing bonds
D. project bonds
Q. 36 the equation that shows the relationship between expected inflation, real interest rates, and nominal interest rates is called the

A. interest rate parity equation.
B. Fisher equation.
C. GDP deflator.
D. net inflation index.

Q. 37 which of the following is not an example of a frequently used Euro-instrument?
A. Eurobond
B. Euro note
C. Euro stock
D. Euro commercial paper

Q. 38 when was IMF established?

A Dec. 27, 1945
B Jan. 30, 1947
C Jan. 1, 1946
D Sept. 24, 1947

Q. 39 which of the following is NOT a restriction to international trade?
A. Exchange Controls
B. GATT.
C. Subsidies
D. Quotas.

Q. 40 Balance of payments of a country includes:
A. Balance of trade
B. Capital receipts and payments
C. Saving and investment account
D. Both (a) and (b)
Q. 41. It helps countries to meet deficit in balance of payments:

A. IMF  
B. WTO  
C. World Bank  
D. UNO

Q. 42 Export of goods is called trade in:

A. Visible goods  
B. Invisible goods  
C. Basic goods  
D. Non-real goods