



BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) :

Course Code & Name : **FIN2183 Multinational Finance**
 Trimester & Year : January – April 2019
 Lecturer/Examiner : Leow Hon Wei
 Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

- This question paper consists of 2 parts:
 - PART A (25 marks) : Answer all THREE (3) short answer questions. Answers are to be written in the Answer Booklet provided.**
 - PART B (75 marks) : Answer all FOUR (4) structured answer questions. Answers are to be written in the Answer Booklet provided.**
- Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
- This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
- Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

Total Number of pages = 3 (Including the cover page)

PART A
INSTRUCTION(S)

: SHORT ANSWER QUESTIONS (25 MARKS)

: Answer **ALL** questions. Write your answers in the Answer Booklet(s) provided.

Question 1

List the **THREE (3)** major functions of the foreign exchange market.

(6 marks)

[Total: 6 marks]

Question 2

Define the **THREE (3)** types of foreign exchange exposure.

(9 marks)

[Total: 9 marks]

Question 3

Explain the **TWO (2)** direct and indirect relationships between the balance of payments and inflation.

(10 marks)

[Total: 10 marks]

[Total: 25 marks]

Question 1

Explain whether strong currency is good or bad for the domestic economy.

(15 marks)

[Total = 15 marks]

Question 2

Business managers and investors need Balance of Payment (BOP) data to anticipate changes in host country economic policies that might be driven by BOP events. From the perspective of business managers and investors. Suggest **THREE (3)** importance of the country's Balance of Payment.

(15 marks)

[Total = 15 marks]

Question 3

Explain **TWO (2)** reasons why do governments and central banks intervene in the foreign exchange markets.

(15 marks)

[Total = 15 marks]

Question 4

(a) Explain whether capital controls is really a method of currency market intervention, or more of a denial of activity.

(15 marks)

(b) Explain **TWO (2)** reasons why do many developing countries fix their currencies, while emerging economies adopt a crawling peg.

(15 marks)

[Total: 30 marks]

[Total = 75 marks]