

FM-307: FOREIGN EXCHANGE MANAGEMENT**Objectives**

To acquaint the participants with the mechanism of the foreign exchange markets, measurement of the foreign exchange exposure, and hedging against exposure risk.

Course Contents

1. Types of Foreign Exchange Markets and Transactions, Quoting Foreign Exchange Rates, Spread, Official and Free Market Rates, Cross Rates, Forward Rates, Quoting Forward Rates; Organisation of the Foreign Exchange Markets; Currency Futures; Currency Options; Currency Swaps; Corporate Exposure Management: Alternative Definitions of Foreign Exchange Risk, Exposure Information System, Alternative Strategies for Exposure Management, Exposure Management Techniques, Organisation of the Exposure Management Function; Parameters and Constraints on Exposure Management: Theory and practice of Forecasting Exchange Rates-Economic Fundamentals, Financial and Socio-Political Factors, Technical Analysis; Tax Treatment of Foreign Exchange Gains and Losses; FEMA.

Suggested Readings

1. *Aliber, R.Z. Exchange Risk and Corporate International Finance, London, Macmillan, 1978.*
2. *Bhalla, V.K. International Financial Management, 2nd ed., Delhi, Anmol, 2001.*
3. *Luca Cornelius Trading in the Global Currency Markets, 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*