



ICM

SEPTEMBER 2015

INTERNATIONAL TRADE & PAYMENTS I

Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
 - b) Answer any FIVE questions
 - c) All questions carry equal marks. Marks for each question are shown in []
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- 1. Spot and forward exchange rates make a significant contribution to international trading. Discuss the characteristics of EACH and explain how they are quoted. [20]
 - 2. Analyse the continuing contribution of commodity markets to worldwide trade. [20]
 - 3. Review the contribution that export houses and buying houses make to international trade. [20]
 - 4. A company can put in place safeguards to protect itself against the common risks when accepting a letter of credit. Review what the main safeguards are. [20]
 - 5. Evaluate the main benefits to an organisation of investing in an overseas market. [20]
 - 6. Analyse the roles and responsibilities of the parties to a documentary credit. [20]
 - 7. An international trader will need to be aware of, and seek to manage, a number of risks when trading overseas. Assess the main risks that an international trader is likely to encounter. [20]
 - 8. Review the life cycle of a bill of exchange and assess its contribution to international trading. [20]