

FINAL
Alternative Assessment

(COVER PAGE)

Session : August 2021

Programme : Diploma in Finance (DIF/DFIN)

Course : FIN2152: Financial Market

Date of Examination : 8 December 2021 (Wednesday)

Time : 12:00pm – 2:30pm Reading Time : Nil

Duration : 2 hours + 30 minutes (uploading time)

Special Instructions :

Answer ALL questions.

Materials permitted :

Non-programmable calculator

Materials provided :

Nil

Examiner(s) : Mr. Asri Osman

Chief Moderator : Ms. Shindy Lee

This paper consists of 3 printed pages, including the cover page.

DIPLOMA IN FINANCE PROGRAMME (DIF/DFIN)
FIN2152: FINANCIAL MARKET
FINAL ALTERNATIVE ASSESSMENT: AUGUST 2021 SESSION

Instruction: Kindly, answer ALL questions

Question 1

- a) Briefly explain any **TWO (2)** key components of financial market. (4 Marks)
- b) List any **THREE (3)** characteristics of Central Bank. (3 Marks)
- c) Describe any **TWO (2)** functions of finance companies. (6 Marks)
- d) Briefly explain any **THREE (3)** types of systematic risk. (6 Marks)
- e) Distinguish between capital market and derivatives market. (6 Marks)

(Total: 25 Marks)

Question 2

- a) State any **THREE (3)** participants of money market. (3 Marks)
- b) The quotations of RM3.0255/68/US\$ and RM4.9943/57/Pound. Construct the bid/ask for US\$/Pound. (6 Marks)
- c) Describe any **THREE (3)** factors that affecting the foreign exchange rate using demand/supply curve. (9 Marks)
- d) Explain any **TWO (2)** advantages of Derivatives. (4 Marks)
- e) Calculate money market yield for T-bill with \$150,000 face value is issued for \$108,000 and due to mature in 360 days. (3 Marks)

(Total: 25 Marks)

Question 3

- a) Corporate bond a type of debt security that issued by a firm and sold to investors. State any **THREE (3)** types of corporate bonds. (3 Marks)
- b) State **FOUR (4)** main components of bond. (4 Marks)
- c) Compute the price of a sample bond. Suppose the bonds have a 10% coupon rate, a RM 1,000 par value (maturity value), and mature in two years. Assume semiannual compounding and that market rate of interest are 8%. (4 Marks)
- d) Explain **THREE (3)** reasons why companies/government issue bonds. (7 Marks)
- e) Describe **THREE (3)** risks of bond that could impact the bond return. (7 Marks)

(Total: 25 Marks)

Question 4

- a) A trader buys one Jenah LTD contract at RM 53.60 and the price of Jenah LTD is now RM 54. Thus the ringgit value of a one tick is RM 10 Calculate the total profit of ABC contract. (4 Marks)
- b) Explain any **THREE (3)** the importance of equity market. (6 Marks)
- c) Explain any **THREE(3)** unsystematic risk and the importance for investor to anticipate this risk in equity investment. (8 Marks)
- d) The COVID-19 pandemic was confirmed to have reached Malaysia in January 2020, Reported cases remained relatively low and were largely confined to imported cases, until localized clusters began to emerge in March. Malaysia had recorded the largest cumulative number of confirmed COVID-19 infections in Southeast Asia, breaching over the 2,000 mark in active cases by the end of March from fewer than 30 at the start of the month. By 16 March, the virus is reported in every state and federal territory in the country. Due to this global issue, kindly, give your opinion on **THREE (3)** ways companies/government to raise fund to cover cost of pandemic. (7 Marks)

(Total: 25 Marks)

~THE END~