

Lecture: 3

Foreign Exchange Market: An Introduction

Short Questions:

1. Briefly explain, “Why swap transactions over scores compared to spot and forward transactions for currencies of developing countries while the reverse is for developing country currencies”.
2. What is “dirty float” and what is dirty about it ?

Web Exercise:

3. Read the paper titled “The legend of Bretton Woods”, by Gavin J.F. published in *Orbis*, Volume 40, Issue 2, Spring 1996, Pages 183-198 Available at <http://www.sciencedirect.com>. Analyse the major flaws associated with Bretton Woods Agreement.