**IN-CLASS QUIZZ 03**

A forward trade for 90 days on the pair CZK/EUR was concluded at the exchange rate of 25 CZK/EUR. At what exchange rate at the maturity of the contract will the long position (buying EUR) be in profit?

1. 23 CZK/EUR
2. 24 CZK/EUR
3. 25 CZK/EUR
4. 26 CZK/EUR

What does hedging mean in the foreign exchange market?

1. A bet on a certain development of the exchange rate
2. elimination of possible losses from unfavourable development of the exchange rate
3. setting up a fixed-rate term deposit in a foreign currency
4. taking advantage of differences in foreign exchange rates

How many currencies are involved in triangular arbitrage?

1. 2
2. 3
3. 4
4. 5

Which currency is often used in the carry trade for borrowing capital?

1. AUD
2. USD
3. JPY
4. SEK

The yield of a bond in CZK is 6%, the yield of an identical bond in EUR is 3%. What should be the exchange rate trend according to interest rate parity?

1. The EUR should appreciate by 3%
2. the exchange rate should remain unchanged
3. CZK should appreciate by 2%
4. EUR should depreciate by 3%