for the coming year is 6%. You can buy 2.86 USD with NT$100 dollars today. Based on relative purchase power parity, how many USD will you be able to buy with NT$100 dollars in 1 year?______ 【中央財金】

◎選擇題：

1. 若你觀察到紐西蘭幣一年定存利率較美元利率高出3%，則你預期一年後紐幣相對美元會：
(A)升值 (B)貶值
(C)不變 (D)崩盤。 【台大財金】

2. Suppose U.S. inflation is predicated to be 4% next year. The Chaoyang group tells you that inflation in England is expected to be 10%. The current exchange rate is £1.2 pounds per $1.00. What is your best guess as to next year's exchange rate?
(A)£1.001 pounds per $1.00 (B)£1.038 pounds per $1.00
(C)£1.117 pounds per $1.00 (D)£1.272 pounds per $1.00
(E)£1.480 pounds per $1.00. 【朝陽財金】

3. Suppose that pencils sell in the U.S. for $3.00 per gross, while in London, the price is 2.00. Suppose that the exchange rate is $1.75 per pound. Given this scenario, which of the following will likely take place in the absence of market frictions?
(A)Many pencils would move from U.S. to London
(B)Many pencils would move from London to the U.S
(C)The price of pencils in the U.S. would rise
(D)Both (A) and (B)
(E)Both (A) and (C). 【中山財管】

4. The 1-year forward rate for Swiss francs is SF9.45 per $1.00. The rate on a risk-free Swiss asset is 6%. The spot rate is SF10.20 per $1.00. Approximately what rate can you earn by investing in the U.S. risk-free security for 1 year?
(A)8.68% (B)10.23%
(C)11.79% (D)12.50%
(E)14.41%. 【成大財金】

5. "The difference between the spot and forward exchange rates between two

countries depends on the relative interest rates in the two countries." This is statement of:

(A)Unbiased Forward Rates

(B)International Fisher Effect (IFE)

(C)Absolute Purchasing Power Parity (Absolute PPP)

(D)Relative Purchasing Power Parity (Relative PPP)

(E)Interest Rate Parity (IRP). 【高雄金管】

6. The current spot rate is C$1.1578 and the one-year forward rate is C$1.1397. The nominal risk-free rate in Canada is 5 percent while it is 6 percent in the U.S. Using covered interest arbitrage you can earn an extra ______ profit over that which you would earn if you invested $1 in the US.

(A)$.0033 (B)$.0067

(C)$.0084 (D)$.0633

(E)$.0667. 【成大財金】

7. Suppose the spot exchange rate is 2 U.S. dollars per British pound. The forward exchange rate is 1.85 dollars per pound. Which of the following is (are) true?

(A)The U.S. inflation rate is lower

(B)The pound is selling at a premium

(C)The pound is selling at a discount

(D)U.S. interest rates are lower

(E)More than one of the above is true. 【元智財金】

8. The condition that relates interest rate differentials between countries to the percentage difference between their forward and spot exchange rates is called:

(A)The unbiased forward rates condition

(B)Uncovered interest rate parity

(C)The international Fisher effect

(D)Purchasing power parity

(E)Interest rate parity. 【暨南財金】

◎申論題：

1. The two-month interest rates in Taiwan and the United States are 3% and 6%

per year. The spot price of US dollar is 35 NTD/USD and the futures price for a contract deliverable in two months is 34.95 NTD/USD. What arbitrage opportunities does this create?

Note: NTD = NT dollar, USD = US dollar, $e^{0.005}=1.005013$, $e^{0.01}=1.01005$

【清大科管】

2. Quotes for the U.S. dollar and Thailand baht (Bt) are as follows:

Spot contract midpoint	$S^{Bt/\$}$(today)	= Bt 24.96/$
One-year forward contract midpoint	$F^{Bt/\$}$(1 year)	= Bt 25.64/$
One-year Eurodollar interest rate	$i^{\$}$	= 6.125% per year

(1) Your newspaper does not quote one-year Eurocurrency interest rates on Thai bath. Make your own estimate of i^{Bt}.

(2) Suppose that you can trade at the price for $S^{Bt/\$}$, $F^{Bt/\$}$ and $i^{\$}$ given above and that you can also either borrow or lend at a Thai Eurocurrency interest rate of $i^{Bt}=10\%$ per year. Based on a $1,000,000 initial amount, how much profit (in present value) can you generate through covered interest arbitrage?

【政大財管】

3. 假設美國和台灣的年通膨率預期爲3%和1.5%，若現在的匯率爲一美金可兌換30台幣，並假設兩國的通膨差異在三年中保持不變，且購買力平價（purchasing power parity）成立，請問：

(1)一年後的預期匯率爲多少？

(2)三年後的預期匯率爲多少？ 【高科大金融】

題型解析

◎填充題：

$$E(S_t)=S\times\left(\frac{1+\pi}{1+\pi_f}\right)^t=2.86\times\left(\frac{1+6\%}{1+2\%}\right)^1=2.97$$

◎選擇題：

1.(B)；利用IRP，紐西蘭利率高於美國利率，將使紐西蘭之遠期匯率貶值。

2.(D)；利用PPP：