

## Lecture: 21

### Foreign Exchange Exposures: Transaction Exposure

#### Model Questions

1. While defining foreign exchange exposure, in brief, describe various forms of foreign exchange exposures.
2. Explain the life cycle of a transaction exposure.
3. An Indian Tea Company has exported tea worth US\$150,000 USA on March 1, 2010. The goods are sold on 2 months credit so that the payment due on April 30, 2010. On March 1, the dollar-rupee exchange rate is 48.5500. By March 31, the US\$ depreciated to Rs. 48.2500 while by April 30 it appreciates to Rs.48.7500. Record the transaction exposures and estimate the net gain /loss.