

# Lecture: 9 Foreign Exchange Contracts: Spot and Forward Contracts

## Short Questions:

1. What is the difference between trade date and value/settlement date?
2. What is the difference among Ready/Tom/Spot forex contracts?
3. Why traders roll over spot contracts? How these rollover contracts are settled?
4. Explain why forward/futures/options contracts are zero-sum game?
5. In which situation a company would like to enter into fully optional forward contract?
6. Today's spot price is INR 46.75. India's interest rate 7.25% per annum while US interest rate is 5.5% per annum. Find out the theoretical price for contracts maturing on 6<sup>th</sup> month and 8<sup>th</sup> month from today.