

Daffodil International University
Faculty of Business and Entrepreneurship
Department of Business Administration
Program: BBA
Mid Term Examination

Semester: Spring-2026
Time: 90 Minutes
Course Code: 0412-412

Full Marks: 25
Course Title: International Finance
Teacher's Name: DKMZI, DNMZ

Answer all the following questions

1. Critically explain the economic factors that influence international trade flows, such as inflation and exchange rates with relevant examples.
[CLO 01, L02, Marks: 5]
2. Explain the common methods through which firms conduct international business (such as exporting, licensing and joint ventures) with their advantages and disadvantages.
[CLO 01, L02, Marks: 5]
3. A US bank expects the Canadian dollar (C\$) to appreciate from \$0.75 to \$0.78 in 60 days. The bank can: Borrow \$10 million at an annual interest rate of 6%. Invest in Canada at an annual interest rate of 4%. Assume a 360-day year. Show the steps the bank should follow to speculate on the expected appreciation. Calculate the amount received after 30 days in Canadian dollars. Determine the speculative profit or loss in U.S. dollars. [CLO 03, L05, Marks: 5]
4. Graphically analyze the concept of the J-curve effect with an example.
[CLO 02, L04, Marks: 5]
5. Assume that U.S. interest rates increase while UK interest rates remain constant. Graphically evaluate how this change will affect the demand and supply of British pounds.
[CLO 03, L05, Marks: 5]