

Financial markets assignment assignment

[Business](#)



With close reference to your answer in part (a) above, discuss why there is a need to regulate financial markets. (10 marks) Q. Distinguish between the spot and the forward exchange rates. How are these rates determined in the foreign exchange markets? Explain. (20 marks) Q. (a) Explain what you understand by the following terms: 0 Weak form market efficiency 0 Semi strong form market efficiency Give examples to illustrate your answer (10 marks) With close reference to your answer in part (a) above, and relevant empirical literature and financial data, critically assess the efficiency of the London Stock Exchange (ELSE) market. 20 marks) (c) How might an upward surge in the FETES 100 share price index during the first few months of 2013 be explained? Use a recent graph of this share price to illustrate your answer. (10 marks) Q. 4 (a) Explain the operation and activities of the Money Market. Why is there a need for such a market? (10 marks) (c) Explain how a Central Bank might use the Money Market to conduct monetary policy in order to target the rate of inflation. (10 marks) Guidance and Preparation Note: 1 .

Each question should be answered with reference to the key published academic literature and relevant financial data and evidence. Each part , excluding Q . 3 (b) requires a focused answer within 500-600 word limit. 2. For Q. 3(b) you need to review carefully and briefly some of the key literature on the efficiency of the ELSE , combine this evidence with some of your own financial data analysis (including data on the traded share prices within the framework of the ELSE market), to arrive at a conclusion.

Normally this process can be done within a 1500 word limit plus an appropriate appendix if required. Assessment Criteria 1 . Evidence of <https://assignbuster.com/financial-marketsassignment-assignment/>

background reading and relevance of the material to the question posed. 2. Appropriate use of Harvard referencing system . 3. Depth of analysis based on relevant academic literature and empirical evidence. 4. Appropriate conclusion based on relevant analysis and empirical evidence/ financial data provided.