THE UNIVERSITY OF THE WEST INDIES
CAVE HILL

EXAMINATIONS OF DECEMBER 2010.

CODE AND NAME OF COURSE: MGMT3049 - FINANCIAL INSTITUTIONS AND MARKETS

DATE AND TIME: DURATION: 2 HOURS

INSTRUCTIONS TO CANDIDATES: This paper has 2 pages and 7 questions.

STUDENTS ARE REQUIRED TO ANSWER THREE (3) QUESTIONS OF THEIR CHOICE. EACH QUESTION CARRIES 20 MARKS.

1. Compare and contrast the nature of the assets and liabilities and by extension the major sources of risk for four financial intermediaries of your choice.

2. Critically evaluate the contribution of four financial intermediaries of your choice, to the efficiency and effectiveness of the financial system.

3. Discuss and critically evaluate the major factors shaping the development of retail financial services around the world.


5. Critically evaluate the causes and policy response to the problems faced by a member of the group in a country of your choice.

TURN OVER
6. Overheard at the Six Roads market one night:

A. I think we should start buying stocks now, all the technical indicators suggest a bottom;

B. I have no faith in so-called financial experts. The stocks I picked myself outperformed the mutual funds managed by so-called professionals;

C. The November unemployment report was a real shocker, the worst in two decades. We should really stay on the sidelines for another week or so, while the market digests this news;

D. My portfolio is really doing well since I started this subscription to Value Line Investors' service; This timely information and tips really allow me to outperform the market.

**Required:** Discuss each statement in terms of the efficient market hypothesis and the implications for investment strategy,

7. Discuss and evaluate the major theories evaluating the shape of the yield curve. In your answer also discuss the uses of the yield curve in financial markets, why strips are used in the construction of yield curves, and why investors would want to invest in zero coupon bonds or strips.

**END OF QUESTION PAPER.**