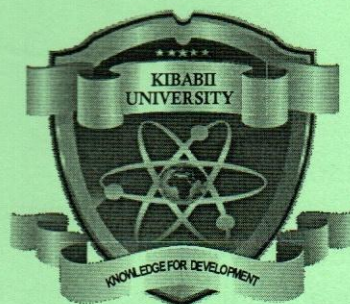


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KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2019/2020 ACADEMIC year EXAMINATION

FIRST YEAR SECOND SEMESTER

FOR THE DIPLOMA IN BUSINESS MANAGEMENT

SPECIAL/SUPPLIMENTARY EXAMINATION

COURSE CODE: EDB 108

COURSE TITLE: INTERNATIONAL TRADE

DATE: 12/11/2020 TIME: 2.00 PM

INSTRUCTIONS

Answer Questions ONE and ANY OTHER TWO



**Kibabii University ISO 9001:2015 Certified
Knowledge for Development**

QUESTION ONE (30MARKS) COMPULSORY

- a.) Explain the term Balance of payments as used in International trade. [2Marks]
 b.) Distinguish between domestic and foreign trade. [10Marks]
 c.) Highlight and explain the different participants of Foreign Exchange Market. [8Marks]
 d.) Explain Franchising and give its advantages. [10Marks]

SECTION B (CHOOSE ANY TWO QUESTIONS)**QUESTION TWO (20MARKS)**

- a.) Explain in detail the different methods used in foreign Exchange Market. [4Marks]
 b.) Product life cycle is the historical study of sales of products. With the help of a diagram, discuss the stages that the products go through. [8Marks]
 c.) Giving examples, illustrate the theories of Exchange Rate Determination. [8Marks]

QUESTION THREE (20MARKS)

- a.) Briefly discuss the main objectives behind the functioning of the WorldBank. [10Marks]
 b.) Explain the term Swap market and discuss the different kinds of Swap. [4Marks]
 c.) State and explain the factors affecting exchange rate. [6Marks]

QUESTION FOUR (20MARKS)

- a.) Distinguish between the following terms as used in international trade;
 • Foreign Direct Determination
 • Product life cycle
 • Foreign Exchange Market
 • Exchange rate determination
 • Balance of payments [10Marks]
 b.) State and discuss the reasons as to why there is restrictions in international trade. [10Marks]

QUESTION FIVE (20MARKS)

- a.) Briefly explain the absolute and comparative advantage in international trade. [4Marks]
 b.) Explain how forex market works in the foreign exchange market. [5Marks]
 c.) State and explain the components of balance of payments. [6Marks]
 d.) State the steps used to determine exchange rate equilibrium and how to measure exchange rate movements. [5Marks]

