**I need help with questions 2 and 4 below**

For your job as the business reporter for a local newspaper, you are given the assignment of putting together a series of articles on the multinational finance and the international currency markets for your readers. Much recent local press coverage has been given to losses in the foreign exchange markets by JGAR, a local firm that is the subsidiary of Daedlufetarg, a large German manufacturing firm. Your editor would like you to address several specific questions dealing with multinational finance. Prepare a response to the following memorandum from your editor:

TO: Business Reporter

FROM: Perry White, Editor, *Daily Planet*

RE: Upcoming Series on Multinational Finance

In your upcoming series on multinational finance, I would like to make sure you cover several specific points. In addition, before you begin this assignment, I want to make sure we are all reading from the same script, as accuracy has always been the cornerstone of the *Daily Planet.* I’d like a response to the following questions before we proceed:

**2.** What does the term *arbitrage profits* mean?

**4.** What are the differences between a forward contract, a futures contract, and options?

Use the following data in your response to the remaining questions:

Selling Quotes for Foreign Currencies in New York

|  |  |  |
| --- | --- | --- |
| **COUNTRY-CURRENCY** | **CONTRACT** | **$/FOREIGN** |
| **Canada-dollar** | **Spot** | **.8450** |
|  | **30-day** | **.8415** |
|  | **90-day** | **.8390** |
| **Japan-yen** | **Spot** | **.004700** |
|  | **30-day** | **.004750** |
|  | **90-day** | **.004820** |
| **Switzerland-franc** | **Spot** | **.5150** |
|  | **30-day** | **.5182** |
|  | **90-day** | **.5328** |