Question #1 of 4

Question ID: 1469218

A corporation that employs hedge accounting and uses an interest rate swap to offset changes in the value of fixed rate bond liability is said to be employing a:

A) cash flow hedge.

B) net investment hedge.

C) fair value hedge.

Question #2 of 4

Question ID: 1469219

Hedge accounting with a net investment hedge *most likely* refers to a company that is using derivatives to reduce the volatility of:

A) a balance sheet liability.

B) its net working capital.

C) the value of a foreign subsidiary.

Question #3 of 4

Question ID: 1469217

A corporation that employs hedge accounting and uses derivatives to reduce the volatility of the value of its inventory is *most likely* using a:

A) net investment hedge.

B) fair value hedge.

C) cash flow hedge.

Question #4 of 4

Question ID: 1469220

A bond portfolio manager who wants to decrease the duration of her portfolio would *most appropriately*:

A) enter an interest rate swap as the floating rate payer.

B) enter an interest rate swap as the fixed rate payer.

C) take a long position in government bond futures.