

# **International Finance**

## **Syllabus**

Code: 12153

Credit: 3

Teaching Hours:48

This Syllabus is constituted basing on the training plan for international school undergraduate at JUFE in 2014.

### **Aims and Objectives**

International Finance is an extension of financial management to the international arena with emphasis on financial strategies of multinational corporations. Topics covered include foreign exchange markets, currency futures and options markets, swaps, international securities markets, managing and hedging currency risk, multinational financing strategies and capital budgeting, and international portfolio management.

Upon successful completion of the course work, students are expected to:

1. Demonstrate knowledge and comprehension of the foreign exchange market and how exchange rate risk is measured and hedged;
2. Develop written and oral communication skills;
3. Develop critical thinking skills by extracting relevant facts and presenting sound recommendations to solve problems related to the difficulties and opportunities faced by multinational corporations;
4. Demonstrate interest in continuous learning and professional growth by exploring current issues in international finance.

### **Benchmark Skill and Assumed Knowledge**

The modern economics theory is assumed expected, including the macro and microeconomics. All the students will be expected to understand the fundamental of economics.

### **Expected Learning Outcomes**

1. To develop students' understanding of the determinants of foreign exchange rates and how exchange rate risk can be hedged;
2. To develop students' understanding of the financial difficulties and opportunities faced by corporations when operating internationally;
3. To develop students' understanding of advanced techniques for making international corporate investment decisions;
4. To develop students' understanding of the determinants of the expected returns on international investments;
5. To enable students to explore current issues in international finance

### **Syllabus and Schedule of Lectures**

## Course Schedule

<b>Week</b>	<b>Chapter and Topic</b>	<b>Pre-class Reading</b>	
		<b>Assignments</b>	
Week 1	Introduction, Orientation, assignment for the next class	Chapters 1 & 2	
Week 2	--What's special about International Finance? --Evolution of International Monetary system	Chapter 5	
Week 3	--FX quotations --Spot vs. Forward markets --Triangle Arbitrages	Chapter 6	Quiz1 on ch5
Week 4	--Factors affect Exchange Rates --Interest Rate Parity & arbitrage		
Week 5	--Fisher effect, International Fisher Effect --Purchase Power parity	Chapters 3 & 7	
Week 6	--Balance of Payments --Futures vs. Forward contracts --Market-to-the market process		Quizz2 on ch6
Week 7	--Options basics --Options applications		
Week 8	<b>--Exam 1 Brief Review</b>	Review all materials covered	
Week 9	<b>--Exam 1</b>	Two-classes together	
Week 10	--FX exposures --Hedging for transaction exposure 1	Chapter 9	
Week 11	-- Hedging for transaction exposure 2 -- Economic exposure measurement	Chapters 11-13	Quiz3 on Ch8
Week 12	--Hedging Economic exposure -- International Banking,		
Week 13	-- International Equity Markets --International Bond Market	Chapter 14	Quiz 4 on ch9
Week 14	--Interest Rate Swap --currency Swaps	Chapters 14 & 18	
Week 15	--International Portfolio mgnt (brief) <b>--Exam 2 Review</b>		Quiz5 on ch14
Week 16	<b>--Exam 2</b>		

## **Teaching/Learning Methods**

The course teaching methodology is primarily lecture. Homework assignments, in-class discussions, short-quizzes, and exams are used as supplemental instructional tools.

## **Assessment**

Students are evaluated on the basis of their performance on exams, quizzes, end of chapter presentation, FX trading game, class attendance and participation, and project presentations. The course grade will be determined based on the following components:

Exam 1	25
Short quizzes (5 points x 5)	25
Class participation & Discussions	10
Exam 2	<u>40</u>
Total	100

**Note 1:** Homework will be assigned on a regular basis; however, it will not be collected. Homework problems will be discussed by the assigned team at the conclusion of the coverage of each chapter. Doing homework before class discussions is very helpful for you to understand course materials and will have significant effect on your grades.

**Note 2:** Short quizzes provide you a timely opportunity to grasp the materials discussed in the chapter. If you do the homework assignment correctly, short quizzes would be very easy. However, they could be very hard, too, if you are not well-prepared

**Note 3:** Exam 2 covers most of the chapters after Exam 1 and a few chapters covered in Exam 1.

## **Assessment Grading**

Letter grade will be determined as:

A—90% or above B—80%~89% C—70%~79% D— 60% ~ 69% F-- below 59%

## **Examinations**

The examinations will consist of explain of short terms, multiple choice questions, short answers and issues. The final styles of examinations will be confirmed in the last five weeks.

The authority of JUFE made the examinations policy of university. You can check it through your students' booklet or similar medium in university.