

International Financial Management

FIN-ISS419

Course Description

The course provides an examination of international financial markets and instruments, foreign exchange regimes and exchange rate determination. This course also covers alternative methods of financing international operations and strategies for foreign direct investment and alternative methods.

Required Texts

International Financial Management: Pearson New International Edition, 2nd Edition by Geert J Bekaert and Robert J. Hodrick

Supplemental readings will be distributed through your student center.

Prerequisite

Financial Management

Course Requirements

During the term, there will be one midterm exam (30%), one final exam (40%) and five homework sets (20%), Responses and questions around class readings and participation so make sure you are there and prepared (10%).

Learning Outcomes

- ✓ Describe the international monetary system and the foreign exchange markets
- ✓ Explain translation, transaction, and economic exposure to exchange rate changes
- ✓ Forecast exchange rates based on the parity conditions that should apply between spot rates, forward rates, inflation rates, and interest rates
- ✓ Convert currencies using spot, future, and cross rates and identify arbitrage opportunities
- ✓ Identify and appraise investment opportunities in the international environment
- ✓ Identify and evaluate foreign direct investment and international acquisition opportunities
- ✓ Develop strategies to deal with other types of country risks associated with foreign operations
- ✓ Express well considered opinion on issues relating to international financial management

Evaluation and Grading

A	93-100	B-	80-82	D+	67-69
A-	90-92	C+	77-79	D	63-66
B+	87-89	C	73-76	D-	60-62
B	83-86	C-	70-72	F	0-59

Course Hours

The course has 20 class sessions in total. Each class session is 150 minutes in length, for a total of 3000 minutes of in-class time. Students are expected to spend 15-20 hours per week outside of class. The University awards **4** credits for this course. Different universities may count course credits differently. Consult officials at your own home institution.

Attendance

Occasionally, due to illness or other unavoidable circumstance, a student may need to miss a class. The University's policy requires a medical certificate to be excused. Any absence may impact on the student's grade. Moreover, **the University's policy is that a student who has more than 3 absences will fail the course. Arriving late or leaving early will count as a partial absence.**

Academic Honesty

The University expects all students to do their own work. Instructors will fail assignments that show evidence of plagiarism or other forms of cheating and will also report the student's name to the University administration. A student reported to the University for cheating is placed on disciplinary probation; a student reported twice is suspended or expelled.

Disability Accommodation

Any student who needs special accommodation due to the impact of disability should inform the University within 10 days before the program starts.

Tentative Schedule

Lecture	Contents	Readings
1	<ul style="list-style-type: none"> • Introduction to the Course • Globalization and the Multinational Corporation 	CH 1
2	<ul style="list-style-type: none"> • The Foreign Exchange Market 	CH 2
3	<ul style="list-style-type: none"> • Forward Markets and Transaction Exchange Risk 	CH 3
4	<ul style="list-style-type: none"> • The Balance of Payments 	CH 4
5	<ul style="list-style-type: none"> • Exchange Rate Systems 	CH 5
6	<ul style="list-style-type: none"> • Interest Rate Parity 	CH 6
7	<ul style="list-style-type: none"> • Speculation and Risk in the Foreign Exchange Market 	CH 7
8	<ul style="list-style-type: none"> • Purchasing Power Parity and Real Exchange Rates 	CH 8
9	<ul style="list-style-type: none"> • Measuring and Managing Real Exchange Risk • Exchange Rate Determination and Forecasting 	CH 9-10
	<i>Midterm</i>	
10	<ul style="list-style-type: none"> • International Debt Financing 	CH 11
11	<ul style="list-style-type: none"> • International Equity Financing 	CH 12
12	<ul style="list-style-type: none"> • International Capital Market Equilibrium 	CH 13
13	<ul style="list-style-type: none"> • Political and Country Risk 	CH 14
14	<ul style="list-style-type: none"> • International Capital Budgeting 	CH 15
15	<ul style="list-style-type: none"> • Additional Topics in International Capital Budgeting 	CH 16
16	<ul style="list-style-type: none"> • Risk Management and the Foreign Currency Hedging Decision 	CH 17
17	<ul style="list-style-type: none"> • Financing International Trade 	CH 18
18	<ul style="list-style-type: none"> • Managing Net Working Capital 	CH 19
19	<ul style="list-style-type: none"> • Foreign Currency Futures and Options 	CH 20
20	<ul style="list-style-type: none"> • Interest Rate and Foreign Currency Swaps 	CH 21
	<i>Final Exam</i>	