



FI 356 INTERNATIONAL FINANCIAL MARKETS AND INVESTMENTS
IES Abroad Madrid

DESCRIPTION:

The aim of this course is to give a broad picture about international financial markets and international corporate finance moving from the needs of the firm to the financial instruments available to cater to those needs. Subjects that are covered include: international demand for equity and debt financing; the international market for corporate control. The main goal is to offer both a clear framework and a set of operative tools to understand the relationship between firms and international financial systems. The whole structure of the course is applied, involves several real-world cases that are discussed in class, and is oriented to develop capabilities to understand and use international finance methodologies and practices used around the world.

CREDITS: 3

CONTACT HOURS: 45

LANGUAGE OF INSTRUCTION: English

PREREQUISITES: none

METHOD OF PRESENTATION:

In a typical session, the instructor will lecture on the topics/materials first, followed by solving chapter problems. Students are expected to read the class contents by reading assigned text before the class.

REQUIRED WORK AND FORM OF ASSESSMENT:

- Course Participation – 10%
- Midterm Exam – 35%
- Final Exam – 35%
- Group Case Study Assignment – 20%

Course Participation

Class participation is a key component of the course. Students' contributions should reflect their reading and thinking about the relevant topical issues. The style of the discussion will be informal and participative.

Midterm Exam

The mid-term exam will be closed book. It will be taken in-class and may consist of questions in multiple choice, short answer, or short essay format. The Midterm Exam will take place during the Midterm week. Please note that during Midterm week, classes will be held regularly at the IES Abroad Center.

Final Exam

The exam will be closed book. It will be taken in-class and may consist of questions in multiple choice, short answer, or short essay format. The Final Exam will take place during Finals week. Students will receive official notice of the exact date and time of the final exam as soon as all possible overlaps have been identified after add/drop deadline.

Group Case Study Assignment

Students will be split into different groups and asked to work collaboratively on a case study assignment that requires them to solve a real-world problem provided by the instructor. Students will have a time limit to complete the assignment. All students in each group will receive the same grade on the assignment.

LEARNING OUTCOMES:

What are the effects of international financial markets and institutions on the global economy? How do you know if it is a good time to invest in a specific asset? What is the best strategy to finance a specific business?

This course provides answers to these kinds of questions by examining how international financial markets and institutions work and how they affect our everyday life. Every second, huge amounts of funds are transferred throughout global financial markets. These transfers affect business investment, production of goods and services, and the wealth of countries. By the end of the course, students will have a broad understanding of the key issues in international finance and the relationship between international financial markets and the world economy. Students will also be able to apply the appropriate theories to explain, predict, and understand financial phenomena in the ‘real world.’

ATTENDANCE POLICY:

Attendance is mandatory for IES Abroad Madrid classes, including course-related field trips. Please read our attendance policy posted in Moodle and in IES Abroad Madrid Student Handbook.

CONTENT:

Week	Content	Assignments
Week 1 <i>Session 1</i>	Introduction to Financial Markets and Institutions <ul style="list-style-type: none"> Course expectations Rules of Thumb and General Overview 	<ul style="list-style-type: none"> Mishkin and Eakins, pp. 41-53
<i>Session 2</i>	Function, structure and types of financial markets and institutions	<ul style="list-style-type: none"> Mishkin and Eakins, pp. 55-67
Week 2 <i>Session 1</i>	Fundamentals of Financial Institutions	<ul style="list-style-type: none"> Mishkin and Eakins, pp. 175-193
<i>Session 2</i>	Interest rate, return and risk – pt. I	<ul style="list-style-type: none"> Mishkin and Eakins, pp. 77-102
Week 3 <i>Session 1</i>	Interest rate, return and risk – pt. II	
<i>Session 2</i>	International Financial Markets – pt. I	<ul style="list-style-type: none"> Mishkin and Eakins, pp. 308-329
Week 4 <i>Session 1</i>	International Financial Markets – pt. II	
<i>Session 2</i>	Interest rate, return and risk – pt. III	<ul style="list-style-type: none"> Mishkin and Eakins, pp. 106-153

Week 5 <i>Session 1</i>	Interest rate, return and risk – pt. IV Midterm Review	
<i>Session 2</i>	Midterm Exam	
Week 6 <i>Session 1</i>	Central Banks around the World	<ul style="list-style-type: none"> Mishkin and Eakins, pp. 225-241
<i>Session 2</i>	International Financial Markets – pt. III	<ul style="list-style-type: none"> Mishkin and Eakins, pp. 285-305
Week 7 <i>Session 1</i>	International Financial Markets – pt. IV	<ul style="list-style-type: none"> Mishkin and Eakins, pp. 333-350
<i>Session 2</i>	International Financial Markets – pt. V	<ul style="list-style-type: none"> Mishkin and Eakins, pp. 375-395
Week 8 <i>Session 1</i>	The Financial Institutions Industry – pt. I	<ul style="list-style-type: none"> Mishkin and Eakins, pp. 425-446
<i>Session 2</i>	The Financial Institutions Industry – pt. II	
Week 9 <i>Session 1</i>	Group Case Study Assignment	
<i>Session 2</i>	The Financial Institutions Industry – pt. III	<ul style="list-style-type: none"> Mishkin and Eakins, pp. 570-590
Week 10 <i>Session 1</i>	Guest Lecture on the Italian Banking System	
<i>Session 2</i>	The Financial Institutions Industry – pt. IV	

Week 11 Session 1	The Management of Financial Institutions – pt. I	<ul style="list-style-type: none"> Mishkin and Eakins, pp. 615-642
Session 2	The Management of Financial Institutions – pt. II Final Exam Review	

REQUIRED READINGS:

- Frederic Mishkin and Stanley Eakins, *Financial Markets and Institutions, 9th – GLOBAL Edition*, London: Pearson, 2018.

RECOMMENDED READINGS:

- The Lost Decades: The Making of America's Debt Crisis and the Long Recovery*, Menzie Chinn and Jeffrey Frieden, 2011. W.W. Norton.
- The Big Short: Inside the Doomsday Machine*, Michael Lewis, 2010. W.W. Norton
- Animal Spirits: How Human Psychology Drives the Economy and Why It Matters for Global Capitalism*, George Akerlof and Robert J. Shiller, 2009. Princeton University Press.
- A Random Walk Down Wall Street*, Malkiel, Burton G., 2000, W.W. Norton & Co.

FILMOGRAPHY:

- Too Big to Fail* (2011): Based on the book of the same name by Andrew Ross Sorkin, *Too Big to Fail* provides a dramatized account of the closed-door wheelings and dealings of government officials and banking executives in the fall of 2008 that left Lehman Brothers bankrupt.