



FI355 INTERNATIONAL FINANCE
IES Abroad Nice

DESCRIPTION:

A study of 'international' finance is essential given the high degree of integration and globalization of the world economy. Further liberalization of international trade, investment and rapid advances in telecommunication and transportation technologies will ensure the continuation of this process. The material covered in this course introduces the students to the international monetary system and balance of payments, the foreign exchange market, international capital markets and institutions, management of foreign exchange and political risks, financial management of the multinational firm, and covers recent developments in international capital markets and the world economy. Students will examine the barriers to international capital flows and study the various financial techniques developed to overcome these barriers. The focus of the course is 'global' in nature and closely follows current developments on the world economic stage. It places a strong emphasis on 'connecting the dots' between theory and practice and requires the students to develop an understanding of current international financial and economic events.

CREDITS: 3 credits

CONTACT HOURS: 45 hours

LANGUAGE OF INSTRUCTION: English

PREREQUISITES: None

ADDITIONAL COST: None

METHOD OF PRESENTATION:

The course is presented in a seminar format and involves a combination of lectures, class discussions and student presentations. Current global events in international finance are integrated into the weekly discussions. Students will work on a case study, which integrates any one of the theoretical topics covered in this course with recent events in international finance. The background research and evaluation of data in the context of the underlying theory will enable the students to develop a better understanding of the selected topic.

REQUIRED WORK AND FORM OF ASSESSMENT:

- Midterm Test - 20%
- Class Participation - 10%
- Final Research Paper (Case Study) - 40%
- Final Exam (cumulative - covers entire course material) - 30%

Midterm Test

The midterm test (2 hours) and the final exam (2.5 hours) will be closed book. The dates for these tests will be announced during the term.

Class Participation

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

Final Research Paper (Case Study)

Students will work in small groups on the final research paper. Each group should identify one theoretical topic from the course outline and conduct research to gather data on a recent (or historic) event in international finance or the global economy. Useful sources for the research will include quality newspapers (e.g., Financial Times, Economist, New York Times, etc.) in addition to relevant books/journal articles. The objective of this coursework is to evaluate the data and to analyse and discuss the case study in the context of the underlying theoretical discussion. The detailed guidelines for this research project are provided below.



International Finance Research Paper Guidelines

The final research paper will be due in the last class in Week 12. The word limit for this essay is 3,500 words (+/- 10%). This word count does not include your bibliography and appendices (if any).

For your course project, please select any one of the topics that we will be covering in this course. Bear in mind that these topics/chapters are rather broad and you will need to narrow down your research topic significantly. You should identify a small aspect of the theoretical discussion that interests you and focus sharply on it. In other words, you should not be providing a general overview of the chapter(s).

The next step is to identify a case study that fits your selected topic and gather data related to the surrounding events. The course outline provides you ample guidance on sources of such data. (Please do not start with a case study and then try to find the theoretical basis for it. This will not be efficient.)

The final step will be to provide a thorough analysis. How does the case study fit into the theoretical discussion? Are the facts consistent with the theory? Explain why (or why not). What lessons did you learn from this project? This analysis will carry the highest weight for this assignment.

To obtain an A grade, the submission will have to meet ALL three requirements: (1) theoretical discussion; (2) good presentation of case study supported by high quality evidence; and (3) thorough analysis. Any submissions that do not meet all the criteria will be downgraded.

You will provide 2--3 status updates during my office hours through the term on the progress you have made to date on your projects. This will enable me to provide you with the necessary guidance and feedback. It is important that you come well prepared for these status updates.

Determination of Overall Course Grade

The overall assessment for this module is based on a combination of quantitative/ objective forms (midterm and final examinations consisting of quantitative problems and/or multiple-choice questions) and qualitative output (the final research paper project and class participation. The midterm and final marks are not synonymous with your grade. The aggregate marks for the course are calculated by weighting the midterm at 20%; finals at 30%; research paper at 40%; class participation at 10%. These aggregate scores are then adjusted on a uniform basis across all students to map to the Marking Scheme as stated in the IES Abroad Academic Policy Guidelines.

LEARNING OUTCOMES:

By the end of the course, students will be able to:

- Gain a broad understanding of the key issues in international finance and their relationship with the globalized world economy.
- Identify the appropriate theoretical discussions and to evaluate their applications in the 'real world.'
- Enable the students to demonstrate their ability to evaluate and analyse current topics in international finance in the context of the relevant theoretical material.

CONTENT:

Week	Content	Assignments
Week 1	Introduction to International Finance <ul style="list-style-type: none"> • Introductions, student interests, relevant prior coursework & experience • Course map, format, required work and assessment • Term project guidelines: see detailed guidelines. • Weekly class format, resources, reading & class discussion assignments 	<ul style="list-style-type: none"> • Foundations of International Finance (Ch.1). [Please note that all chapter references in this syllabus refer to the required textbook – International Finance, by Eun, Resnick & Sabherwal].
Week 2	International Monetary System & Balance of Payments <ul style="list-style-type: none"> • Historical Perspectives of International Monetary System • Flexible Exchange Rate Regime • Euro and European Monetary System • Review of past currency crises • Overview of Balance of Payments 	<ul style="list-style-type: none"> • Ch. 2 & 3
Week 3	Foreign Exchange Market & Exchange Rate Determination – part 1 <ul style="list-style-type: none"> • Function & structure of the foreign exchange market • International finance in practice: market mechanics • Spot and forward markets • Interest rate parity 	<ul style="list-style-type: none"> • Ch. 4 & 5
Week 4	Foreign Exchange Markets & Exchange Rate Determination – part 2 <ul style="list-style-type: none"> • Interest rate parity (contd.) • Forecasting exchange rates • Foreign exchange futures & options 	<ul style="list-style-type: none"> • Ch. 4 & 5
Week 5	International Capital Markets & Institutions Part 1 & Project Update I <ul style="list-style-type: none"> • Students will provide status update on their final projects. The purpose of this update is to ensure that the students are making progress on their projects and that they are on the right track. • International Banking and Money Markets • International Bond Markets 	<ul style="list-style-type: none"> • Ch. 7, 8, & 9

Week	Content	Assignments
Week 6	International Capital Markets & Institutions Part 2 & Mid-term Test <ul style="list-style-type: none"> • International Bond Markets (contd.) • International Equity Markets 	<ul style="list-style-type: none"> • Ch. 8 & 9
Week 7	International Portfolio Investment <ul style="list-style-type: none"> • International diversification and portfolio risk reduction • Evaluation of risks and opportunities • Impact of changing exchange rates 	<ul style="list-style-type: none"> • Ch. 11
Week 8	Financial Management of Multinational Firm – part 1 & Project Update <ul style="list-style-type: none"> • Management of economic, transaction & translation exposure • Key issues in exposure management • Review of exposure management strategies • Students will provide second status update on their final essay and project. • By this stage, all research should have been completed and the students should have begun writing up their first drafts. 	<ul style="list-style-type: none"> • Ch. 12, 13 & 14
Week 9	Financial Management of Multinational Firm – part 2 <ul style="list-style-type: none"> • Foreign direct investment (FDI) • Theory and practice of FDI • Multinational cash management 	<ul style="list-style-type: none"> • Ch. 15 & 18
Week 10	International Trade & Taxation <ul style="list-style-type: none"> • Exports & Imports • Review of international tax environment: key issues • Theory vs. Practice • Review of international corporate governance 	<ul style="list-style-type: none"> • Ch. 19, 20, 21
Week 11	Current Topics & Review Session <ul style="list-style-type: none"> • Course review & numerical problems. • Discussion of current topics in international finance. 	

Week	Content	Assignments
Week 12	<p>Coursework Submission Deadline & Review Session</p> <ul style="list-style-type: none"> • Final essay submission deadline • Course review. We will go over selected numerical problems covered during the course. • Final Exams will be held in Week 13 – IES Abroad Administration will announce the exam dates. 	

REQUIRED READINGS:

- *International Finance*, Eun, Choel S., Resnick, Bruce G., Sabherwal, Sanjiv (6th Global edition, 2011).

Additional readings will be posted on a weekly basis on Moodle and will consist of relevant topical articles from journals and newspapers. Students are expected to review this material weekly to prepare for class discussions.