



FI 356 INTERNATIONAL FINANCE
IES Abroad Multi-location Emerging Economies
Course taught in Buenos Aires

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, investments 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 markets, international capital markets and institutions, management of foreign exchange and political risk, financial management of multinational firms, 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 this 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: One college-level business course recommended

ADDITIONAL COST: None

METHOD OF PRESENTATION:

The professor will use lectures to introduce the key materials, and class discussions to encourage students to share their understanding of the materials. Students will use worksheets and mini-case studies to gain practical experience of the key points. They will read relevant contemporary articles before class, and relevant videos will be shown before or during class sessions, to link the theoretical topics discussed to current events.

REQUIRED WORK AND FORM OF ASSESSMENT:

- Midterm Exam - 25%
- Final Exam - 25%
- Class Participation - 10%
- Individual and Group Assignments - 20%
- Final Project - 20%

Midterm and Final Exams

The midterm and final exams will cover all the material studied during the course –theory, case studies, course-related trips, and final projects. The exams will take the form of practical exercises designed to test students’ theoretical and practical understanding of the topics covered in class.

Class Participation

The class participation grade will take into account students’ active participation in class discussions, their ability to introduce ideas and thoughts dealing with the required texts, effective use of technical language, and their analytical skills in intellectual, constructive argumentation. When determining the class participation grade, the professor will take into account traditional criteria such as material preparation, completed reading before class, and collaborative group work.

Individual and Group Assignments

Students are expected to deliver worksheets and solution to problems delivered each session.

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Final Project

Students will work in groups of two or three (depending on class size) on the final paper. Each group will research a topic in international finance (recent or historic), and the project will comprise of two parts: The first part will be a PowerPoint presentation, and the second part a written paper. No late submissions will be accepted. Papers should be 8 pages, double spaced, Verdana 11.

LEARNING OUTCOMES:

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

- Demonstrate a broad understanding of the key issues in international finance and their relationship with the globalized world economy.
- Identify the appropriate theoretical discussions and evaluate their application in the ‘real world.’
- Analyze and present theoretical topics
- Describe relevant current global financial or economic events.

ATTENDANCE POLICY:

Regular class attendance is mandatory. Students are expected to attend classes each day, including course related excursions. IES Abroad Buenos Aires allows a maximum of TWO excused absences per semester. Each further absence will automatically result in a penalty of two points off (2/100) on the final grade. SEVEN absences (including 2 excused absences) will result in a failing grade for the course. Any exams, tests, presentations, or other work missed due to student absences can only be rescheduled in cases of documented medical or family emergencies.

CONTENT:

Session	Content	Assignments
Session 1	Course Overview <ul style="list-style-type: none"> • Introductions, student interests, relevant prior coursework & experience. • Course map, format, required work and assessment • Weekly class format, resources, readings & class discussion assignments. • Intro to International Finance 	<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]
Session 2	International Monetary System & Balance of Payments <ul style="list-style-type: none"> • Historical Perspectives of International Monetary System • Flexible Exchange Rate Regime • Euro & European Monetary System • Review of past currency crises (Mexico, Argentina, South East Asia) • Overview of Balance of Payments 	<ul style="list-style-type: none"> • Ch. 2 & 3

Session	Content	Assignments
Session 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 rates Interest rate parity 	<ul style="list-style-type: none"> Ch. 5 & 6
Session 4	Foreign Exchange Market & Exchange Rate Determination – part 2 <ul style="list-style-type: none"> Interest rate parity (cont'd) Forecasting exchange rates 	<ul style="list-style-type: none"> Ch. 5 & 6 Exercises
Session 5	Futures & Options on Foreign Exchange <ul style="list-style-type: none"> Foreign exchange futures & options 	<ul style="list-style-type: none"> Ch. 7 Exercises
Session 6	Foreign Exchange Exposure & Management – part 1 <ul style="list-style-type: none"> Management of economic, transaction & translation exposure Key issues in exposure management 	<ul style="list-style-type: none"> Ch. 8, 9 & 10
Session 7	Foreign Exchange Exposure & Management – part 2 & Project Update and review <ul style="list-style-type: none"> Review of exposure management strategies 	<ul style="list-style-type: none"> Ch. 8, 9 & 10 Students will provide status update on their final projects. The purpose of this update is to make sure students are making progress on their projects.
Session 8	MIDTERM EXAM	
Session 9	Guest speaker / Course-related trip TBD	
Session 10	Interest Rates & Currency Swaps <ul style="list-style-type: none"> Interest rate & currency swaps Risks of swaps FX management exercises 	<ul style="list-style-type: none"> Ch. 14
Session 11	World Financial Markets & Institutions – part 1 <ul style="list-style-type: none"> International banking and money markets International Bond markets 	<ul style="list-style-type: none"> Ch. 11, 12 & 13

Session	Content	Assignments
Session 12	World Financial Markets & Institutions – part 2 <ul style="list-style-type: none"> International Bond markets (cont'd) International Equity markets 	<ul style="list-style-type: none"> Ch. 11, 12 & 13
Session 13	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. 15
Session 14	Financial Management of Multinational Firms – part 1 & Project update II <ul style="list-style-type: none"> Foreign direct investment (FDI) Theory & practice of FDI 	<ul style="list-style-type: none"> Ch. 16, 17 & 18 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.
Session 15	Financial Management of Multinational Firms – part 2 & Project submission <ul style="list-style-type: none"> Capital Structure and the cost of capital Class presentations 	<ul style="list-style-type: none"> Ch. 16, 17 & 18
Session 16	FINAL EXAM	

REQUIRED READINGS:

- International Finance*, Eun, Choel S., Resnick, Bruce G. (8TH Edition)
- 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.