IB/FI 355 INTERNATIONAL FINANCE
IES Abroad Barcelona

DESCRIPTION: The principal objective of this course is to explain and analyze the main financial challenges to companies in an international context. Globalization, or the increasing economic integration of goods, services and financial markets at the international level, represents both opportunities and threats for governments and enterprises.

There is one main dimension separating domestic finance and international finance: International risk. Fluctuations in exchange rates, interest rates, and inflation require risk identification, risk measurement and hedging, important tasks for international finance.

This course provides discussions of some of the main challenges of international financial transactions. It is divided into two sections: In the first section, the student will be familiarized with exchange rate determination, balance of payments, the international monetary system, the European Monetary System and the parity conditions in real markets and financial markets; In the second section, they will examine the different derivatives for hedging (options, forwards, futures, and swaps), and exposure measurement (translation, transaction and economic exposure).

CREDITS: 3 credits

CONTACT HOURS: 45 hours

LANGUAGE OF INSTRUCTION: English

PREREQUISITES: None. At least one college-level business course recommended.

METHOD OF PRESENTATION:
- The professor will use lectures to introduce the key materials, and class discussions to encourage students to share their understanding of these 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/or group assignments (20%);
- Final project (20%).

The midterm and final exams will cover all 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.

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.

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

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Students will research a topic in international finance (topics will be assigned by the instructor). This assignment will be a group project comprising 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:

- Explain the environment and factors associated with foreign exchange rate determination.
- Summarize foreign exchange terminology.
- List and explain the various forms of financial instruments available for foreign exchange risk management.
- Compare and evaluate the key economic theories that underlie the foundation of foreign exchange risk management.
- Assess the basic strategies and techniques associated with foreign exchange risk management.

**ATTENDANCE POLICY:**

Attendance is mandatory for all IES Abroad classes, including course-related trips. Any exams, tests, presentations, or other work missed due to student absences can only be rescheduled in cases of documented medical or family emergencies. If a student misses more than three classes in any course 3 percentage points will be deducted from the final grade for every additional absence. Seven absences in any course will result in a failing grade.

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<td>• Guest speaker Alex Martinez: The European Union (and Institutions), the Euro and the Euro Crisis</td>
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• Hagelin, Nicholas. "Empirical evidence on the incentives to hedge transaction and translation exposure", in the Swedish national debt office and Stockolm University School of Business. (August, 2004). (working paper, 27 pp) |
### Session 24

Course review and final exam review.

Final Exam Review

Video: “Europe on the Brink” – A WSJ documentary

#### Final Exam

**REQUIRED READINGS:**


**RECOMMENDED READINGS:**

Other sources:
*Wall Street Journal, Financial Times, “Expansión” (Spanish), “Cinco Días” (Spanish).*