



INTERNATIONAL FINANCE

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Overview of the Course

1. **Instructors:** _____

2. **Referenced Textbooks:**
 - Butler C. Kirt, *Multinational Finance*, Fifth Edition (2012), Wiley Finance.
 - Eun & Resnick, *INTERNATIONAL FINANCE* 7th Global Edition McGraw Hill

3. **Course Description:** International Finance examines the foreign exchange markets and how they shape the environment within which corporate wealth-maximizing decisions are made. The course is designed for upper-division undergraduate students who have a good understanding of basic economics, corporate finance and asset valuation.

4. **Course Objective:** This course is designed to give students the knowledge and skills required by a modern financial executive in order to:
 - Understand the nature of financial decision making in an international context.
 - Use models derived from financial theory to support financial analysis and guide decisions that maximize the Multinational Corporation's value.
 - Manage properly the risks associated to operate in an international environment, mainly currency risk and country risk.
 - Evaluate an international project in the corporation investment opportunity set in order to identify and take on only investment opportunities that will increase the value of the corporation.
 - Know the basics of international portfolio management and the association between risk and return of individual assets and investment portfolios.

5. **A Cooperative Effort:** This course will be an important element of your education, taking this course in an international environment will help you calibrate on your own the news newspapers usually tell you from a different perspective. I am most interested in your thoughts and how you are developing in the course and welcome your comments as the course progresses. With your feedback the course will be a better career- developmental experience for you and your fellow students. Also, if at any time what is expected of you is unclear, if you are having problems with specific assignments, or have other difficulties with the course please see me.

6. **Prerequisites:** An introductory financial management course is highly recommended or at least a comprehensive understanding of basic economics, time value of money and finance concepts.

7. **Course Evaluation:** The evaluation consists of class participation, assignments, a mid-term test and a final.

7.1. **Exams:**

Purpose: The exams focus on selected major areas of international finance. The exams form the major part of your evaluation and allow both me and you to evaluate your progress in the course. This on-going feedback is crucial for your success in the course. Dates are provided in the syllabus.

Grading: The midterm exam comprises **25%** of the course grade and the final exam accounts for **40%**.

Procedures: The mid-term and final exam will be given during class time of the course. exams will contain a combination of multiple choice questions, short essay questions and quantitative problems.

7.2. **Personal Assignments:**

Purpose: The home assignments give the student the opportunity to individually work on selected exercises from the syllabus. Exercises and deadlines will be announced in class.

Grading: The assignments will account for **10%** of the course grade.

Procedure: Assignments are to be collected at the beginning of the due date.

7.3. **Group Project:**

Purpose: The group project gives the student the opportunity to discuss with peers a justified outcome for a proposed business case related to the topics covered in this course. Group size: depending on the number of students enrolled in the course, groups will have a minimum of 4 students. Hardcopy of the Presentation will be submitted to the instructor before the case Presentation date as determined and will extend to no more than 5/8 pages.

Case PowerPoint Presentation (<25 min) is to be framed in 3 parts: problem introduction, solution and conclusions. As this is a group presentation, each team member is expected to actively participate in the preparation of the case and to present a part of the group case. Team members should expect Q&A from colleagues and the instructor.

Grading: The case Presentation will account for **20%** of the course grade.

Procedure: Group presentation dates are tentatively included in the class schedule and written cases proposed solutions are to be collected as determined before the presentation date.

7.4. **Class Participation:**

Purpose: Students are expected to prepare in advance for the topics covered in class, elaborate examples based in personal experience and debate with class fellows and instructor.

Grading: Class participation will account for **5%** of the course grade reflecting the student's interest and participation in class.

8. **Study Guidelines:**

- You need to understand what you are studying, whether it is conceptual or analytical. Be an active student.
- Ask yourself such questions as:
 - What is the purpose of this concept or formula?
 - Why is it important?
 - How does the instructor or author demonstrate its importance?
 - How does it "fit" with what you have studied thus far in this course and in your other courses?
- Rephrase the information in your own words. Develop your own examples. Form study groups and discuss finance among yourselves.

A good process to use in the class is:

- **Before Class:** Review each topic's notes before class to familiarize you with the flow of the class discussion. The learning objectives that begin each Chapter provide an excellent overview of the major points of the topic and set you up for active studying. (I should stress, however, that they are guidance and not an exclusive listing of points in the discussion and text.) You should also review the text readings for the class and read any assigned supplemental readings.
- **During Class:** Keep up with the discussion. If you don't understand something, ask me to go over it in more detail. If you have a comment, please share it. When you leave class you should have a comfortable understanding of the major points covered, and the purpose of each example worked on.
- **After Class:** Do the detailed reading of the Chapter. Pay particular attention to the examples, graphs and other aids that make the major points of the Chapter. Then, attempt the questions and problems at the end of the Chapter and, where appropriate, the supplemental problems.

The instructor will discuss the major elements of the different topics and integrate it with other course material but classes will not cover everything you need to know. The exams will cover both class and assigned materials. Class slides contain the important points in this course. Take notes and use them as a guide for your studying efforts.

You should thoroughly work through the problems associated with each topic specified in this syllabus. In working the problems ensure you truly understand the processes they illustrate. Your focus must be on understanding applications, not just memorizing procedures.

Appendix: Course Schedule and Assignments

<i>DATES</i>	<i>WEEK</i>	<i>TOPICS</i>
p	WEEK # 1	COURSE INTRODUCTION
p		1. AN INTRODUCTION TO MULTINATIONAL FINANCE, WORLD TRADE & IMS
p	WEEK # 2	1. AN INTRODUCTION TO MULTINATIONAL FINANCE, WORLD TRADE & IMS
p		2. FX, EUROCURRENCY MARKETS & INTERNATIONAL PARITY CONDITIONS
p	WEEK # 3	2. FX, EUROCURRENCY MARKETS & INTERNATIONAL PARITY CONDITIONS
p		2. FX, EUROCURRENCY MARKETS & INTERNATIONAL PARITY CONDITIONS
p	WEEK # 4	2. FX, EUROCURRENCY MARKETS & INTERNATIONAL PARITY CONDITIONS
p		3. HEDGING CURRENCY RISKS: CURRENCY FUTURES
t	WEEK # 5	3. HEDGING CURRENCY RISKS: CURRENCY FUTURES
t		3. HEDGING CURRENCY RISKS: CURRENCY OPTIONS
t	WEEK # 6	3. HEDGING CURRENCY RISKS: CURRENCY OPTIONS
t		3. HEDGING CURRENCY RISKS: CURRENCY OPTIONS
t	WEEK # 7	3. HEDGING CURRENCY RISKS: CURRENCY SWAPS
1		MID-TERM EXAM
t	WEEK # 8	4. EXPOSURE MANAGEMENT & INTERNATIONAL PAYMENT METHODS
t		4. EXPOSURE MANAGEMENT & INTERNATIONAL PAYMENT METHODS
t	WEEK # 9	4. EXPOSURE MANAGEMENT & INTERNATIONAL PAYMENT METHODS
v		5. FOREIGN MARKET ENTRY & COUNTRY RISK MANAGEMENT
v	WEEK # 10	6. CROSS-BORDER CAPITAL BUDGETING
v		6. CROSS-BORDER CAPITAL BUDGETING
v	WEEK # 11	6. CROSS-BORDER CAPITAL BUDGETING
v		6. CROSS-BORDER CAPITAL BUDGETING
v	WEEK # 12	7. TAXES AND MULTINATIONAL CORPORATE STRATEGY
v		8. INTERNATIONAL CAPITAL MARKETS
v	WEEK # 13	
v		FINAL REVIEW
c	WEEK # 14	GROUP CASE PRESENTATIONS
c		GROUP CASE PRESENTATIONS
Dec	WEEK # 15	FINAL EXAM

Above Schedule is subject to changes as required by course progress