



BUS 346E INTERNATIONAL FINANCE

Course Description

This course will explore the world of international finance including the dynamics of exchange rates, foreign investment, and how these affect international trade. It also includes a brief introduction to the study of futures, options and currency swaps.

Course Goals and Methodology

The main purpose of this course is to introduce students to the complex world of International finance. The methodology of the course will be based on slides summarizing key concepts, problem sets with practical application of financial theory and quizzes that check student's understanding of key concepts presented.

The first part of this course is dedicated to establishing that a global marketplace exists and in order to be competitive you must be an active participant. Various risks that need to be considered when doing international business and the major difference between domestic and international finance. Later, the history of today's international monetary systems, its major players and the current exchange rate regimes that exist today will be presented. The current market for foreign exchange will be introduced and students will learn to read and interpret currency quotes, translate quotes and manipulate currency exchange rates to create arbitrage opportunities.

Finally, futures contracts and forecasting future exchange rates will be introduced along with a discussion of various economic theories including: 1) Purchasing Power Parity, 2) the Fischer Effect, and 3) the International Fischer Effect. The course will conclude with a brief introduction to the derivatives market including futures and options.

Learning Objectives

At the conclusion of this course students will:

1. Learn and understand the terminology used in international finance (futures, forwards, arbitrage, inflation, options, etc.)
2. Demonstrate knowledge and ability to forecast currency future values and properly assess whether the currency is over/undervalued and why.
3. Demonstrate ability to analyze and evaluate both international financial borrowing and investment opportunities.
4. Analyze and evaluate hedging opportunities, making and receiving international payments, and evaluating transactions in both dollar and foreign currency terms.

Lectures & Slides based off textbook:

- EUN/RESNICK. International Financial Management. Fourth edition, McGraw Hill, 2007.

HELFFUL WEBSITES:

<http://campusvirtual.upo.es/> on-line platform. Main class material.

www.economist.com -analytical articles on world economic/political affairs

www.nyse.com - New York Stock Exchange

www.nasdaq.com - Nasdaq Stock Exchange

www.eurunion.org -EU guide for Americans

www.ft.com – Financial Times, international news, economy, corporate activities, shares

www.oecd.org - Organization for Economic Cooperation and Development

www.londonstockexchange.com - London Stock Exchange

www.imf.org - International Monetary Fund

www.nytimes.com - World news, critical editorials

www.worldbank.org - World Bank

www.stockex.co.uk - Stock Ex Financial Market News

www.tse.or.jp/english/ - Tokyo Stock Exchange

www.forex.com - FOREX trading platform

Course Requirements and Grading

Your final grade will be calculated according to the following:

Midterm Exam	20%
Final Exam	30%
Final Project	35%
In-class participation	15%

Midterm and Final Exam: The midterm covers chapters 1-3 and the final exam covers chapters 4 and 5.

Midterm and Final Exam dates will not be changed under any circumstances.

Quizzes and problem sets will count as part of your participation grade.

Final Project: The final project will be completed in groups of 2. It consists of a 10-15 minute Powerpoint presentation and a final paper presenting the team's analysis (approx. 15-21 pages). All group members will receive the **same grade** on the final paper and the presentation; therefore, please choose your groups wisely.

There are three main topics to choose from:

1. **Developing countries:** Analyze the social, political and economic past and present to forecast the future for one of the countries listed. Your analysis should include the transgression of an industry sector of your choice to prove why or why not you would invest in this developing country.
2. **Fiscal paradises/Tax havens:** Choose two fiscal paradises/tax havens listed and compare them to identify which one provides a better investment opportunity depending on a specific type of investor (individual, major company, etc.) You are expected to analyze what they are, why they exist, how they work and who is using them.
3. **International Stock Markets:** Compare and contrast at least two international stock markets listed below. The final objective is to study whether a correlation does or does not exist regarding the way the markets behave in time. If there is no relationship, your challenge will be to explain why.

Please keep in mind the following deadlines:

In depth discussion about the final project.

Last day to submit project topic.

Must submit rough draft/extended outline by email.

Final paper must be printed and turned in class.

Final Project Presentations.

FINAL PROJECT TOPICS:**Topic 1: Developing Countries**

1. Bangladesh	7. El Salvador	13. Pakistan
2. Botswana	8. Ghana	14. Nepal
3. Belize	9. Guatemala	15. Nigeria
4. Cambodia	10. Jordan	16. Vietnam
5. Congo	11. Kenya	
6. Egypt	12. Morocco	

Topic 2: Fiscal Paradises/Tax Havens

1. Cayman Islands	6. Japan	11. Taiwan
2. Switzerland	7. Netherlands	12. Thailand
3. Hong Kong	8. British Virgin Islands	13. Malta
4. Singapore	9. UAE	14. Qatar
5. Luxembourg	10. UK	

Topic 3: International Stock Markets¹

1. NASDAQ	5. IBEX Spain	9. BOVESPA	13. Shanghai Stock Exchange
2. NYSE	6. EURONEXT	10. SSE	14. Bombay Stock Exchange
3. TYO	7. BORSA Italiana	11. TMX	
4. LSE	8. DAX	12. Hong Kong Stock Exchange	

¹ Pick any combination of two, plus one representative index for each stock market. The following combinations are not allowed: NASDAQ vs. NYSE; NASDAQ vs. LSE; NYSE vs. LSE.

In-class participation: I evaluate your active attention and valid input during lectures, in-class discussion, group activities, etc. I expect you to be respectful of your classmates by arriving on-time and avoiding internet and/or cell phone use during class.

Below is a detailed rubric of how I will evaluate your participation:

CRITERIA	25	20	15	10
Level Engagement In-class	Student proactively contributes to class by offering ideas and/or asks questions more than once per class and/or works consistently on group project the entire time.	Student proactively contributes to class by offering ideas and/or asks questions once per class and/or works on group project for most of the allotted time.	Student rarely contributes to class by offering ideas and asking questions and/or works on group project only some of the allotted time.	Student never contributes to class by offering ideas and asking questions and/or has trouble staying on task during group project time.
Listening Skills	Student listens when others talk, both in groups and in class. Student incorporates or builds off of the ideas of others.	Students listens when others talk, both in groups and in class.	Student does not listen when other talk, both in groups and in class.	Student does not listen and ignores when others talk, both in groups and in class.
Behavior	Student almost never displays disruptive behavior during class.	Student rarely displays disruptive behavior during class.	Student occasionally displays disruptive behavior during class.	Student almost always displays disruptive behavior during class
Preparation	Student is almost always prepared for class with assignments and required class materials.	Student is usually prepared for class with assignments and required class materials.	Student is rarely prepared for class with assignment and required class materials.	Student is almost never prepared for class with assignments and required materials.

General Course Policies

Each student is expected to be familiar with the course syllabus. Students are expected to focus their full attention on the class, arrive on time, and stay until the class ends. Leaving the classroom on repeated occasions is disturbing both to your professor and your classmates and may adversely affect your participation grade. Please make use of the 10-minute breaks in between classes to fill up your water bottle, use the restroom, etc.

Students are expected to listen and respect other points of view. Phone calls, social media, email or internet browsing at any time during class are not acceptable except for specific class-related activity expressly approved by your instructor. You are responsible for any and all course material covered in class, announcements, quizzes and/or handouts if you are not present for any reason.

Students will be held responsible to be up to date by attending class regularly and checking both email and the Blackboard site of the course frequently (monitor your email and Blackboard announcements at least once every 24 hours).

Communicating with instructor: Please allow **at least 48 hours** for your instructor to respond to your emails. The weekend is not included in this timeframe. If you have any urgent request or question for your professor, be sure to send it during the week.

Attendance and Punctuality

Attendance is mandatory at all classes. Punctuality is expected. As we understand that you might fall ill or be unable to come to class (e.g. due to a religious holiday, a flight delay, a family wedding/reunion, a graduation, a job interview, etc.) at some point during the semester, you are allowed up to **4 absences**. You will be responsible for the material covered and any work missed. You will not need to justify your absences (up to 4) in any way unless you miss an exam, a presentation, a quiz, etc. In this case, you must present a doctor's note (signed, stamped and dated) to be able to reschedule the exam, etc. It will still count as an absence but you will be allowed to retake the exam, etc. We don't encourage you to use all 4 days unless you really need them as your participation grade may suffer if you are not in class. If used unwisely and you get sick last in the semester, the following penalties will apply:

- On your 5th absence, 1 point will be taken off your final Spanish grade.
- On your 6th absence, 3 points will be taken off your final Spanish grade.
- On your 7th absence, automatic fail.

For classes that meet once a week, each absence counts as two. For classes that meet daily, the penalties outlined above apply if you go over 8 absences (9th absence=5th absence above, 11th absence an automatic fail). Exams missed due to an excused absence must be made up within a week of returning to classes. Talk to your professor immediately after your return.

Please remember that attendance and punctuality are part of your participation grade. For every 15 mins you are late, .5 off your grade. If you arrive 30 mins late, it counts as an absence and 1 point off your grade.

Academic Honesty

Academic integrity is a guiding principle for all academic activity at Pablo de Olavide University. Cheating on exams and plagiarism (which includes copying from the Internet) are clear violations of academic honesty. A student is guilty of plagiarism when he or she presents another person's intellectual property as his or her own. The penalty for plagiarism and cheating is a failing grade for the assignment/exam and a failing grade for the course. The International Center may also report this to your home university. Avoid plagiarism by citing sources properly, using footnotes and a bibliography, and not cutting and pasting information from various websites when writing assignments.

Learning accommodations

If you require special accommodations, or have any other special medical condition you deem may affect your class performance, you must stop by the International Center to speak to the Faculty Coordinator, **Marta Carrillo Orozo** (mcaroro@acu.upo.es) to either turn in your documentation or to confirm that our office has received it. The deadline is **Thursday, February 22nd**. The Faculty Coordinator will explain the options available to you.

Behavior Policy

Students are expected to show integrity and act in a professional and respectful manner at all times. A student's attitude in class may influence his/her participation grade. The professor has a right to ask a student to leave the classroom if the student is unruly or appears intoxicated. If a student is asked to leave the classroom, that day will count as an absence regardless of how long the student has been in class.

COURSE CONTENT:

- Chapter 1.** Globalization and the Multinational Firm.
- Chapter 1** David Ricardo's Comparative Advantage Theory.
- Appendix**
- Chapter 2.** The International Monetary System
- Chapter 3.** The Market for Foreign Exchange
- Chapter 4.** International Parity Relationships & Forecasting Foreign Exchange Rates
- Chapter 5.** Futures and Options on Foreign Exchange (Brief Introduction)

DETAILED CLASS CALENDER:

TUESDAY		THURSDAY	
		01/25	Presentation and Quiz
01/30	Quiz Review and Intro Chapter 1	02/01	Chapter 1/MNC Activity
02/06	David Ricardo, Ch 1 Appendix	02/08	Final Project Explanation
02/13	Chapter 2	02/15	Ch 2 Financial Crisis Activity
02/20	Finish Ch 2/ Intro Chapter 3	02/22	Chapter 3 cross rate tables
02/27	Chapter 3 cross rate tables	02/29	HOLIDAY NO CLASS
03/05	Chapter 3 triangular arbitrage	03/07	Chapter 3 triangular arbitrage
03/12	Ch 3 summary/review for midterm	03/14	MIDTERM EXAM
03/19	Rough Draft Due/Presentation Sign-up/Review midterm	03/21	Intro to Chapter 4/IRP prob
03/26	SPRING BREAK	03/28	SPRING BREAK
04/02	Chapter 4 IRP problems	04/04	Chapter 4 IRP problems
04/09	IRP quiz/ Intro to Discounting	04/11	Discounting Problems
04/16	FERIA HOLIDAY	04/18	FERIA HOLIDAY
04/23	Discounting Quiz Chapter 4 Theory	04/25	Quiz PPP/Fischer Effect/ Forecasting, Final Paper Due Chapter 5
04/30	Final Project Presentations	05/02	Final Project Presentations
05/07	Final Project Presentations	05/09	Final Exam Review Session

IMPORTANT REMINDERS:Last day of Add/Drop: **Tuesday, January 30th**Last day to submit Learning Accommodation: **Thursday, February 22nd**Midterm Exams: **March 11th- March 21st**Last day to Withdraw: **Friday, March 22nd**Last day of classes: **Wednesday, May 10th**Final Exams: **Monday, May 13th- Thursday, May 16th**