

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:

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| • Midterm Exam | 25% |
| • Final Exam | 30% |
| • Final Project | 25% |
| • Student Engagement | 20% |

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

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

Quizzes will count as part of your student engagement 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.

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. Qatar	11. Bermuda
2. Switzerland	7. Netherlands	12. Ireland
3. Hong Kong	8. British Virgin Islands	13. Malta
4. Singapore	9. UAE	14. Mauritius
5. Bahamas	10. Luxembourg	

Topic 3: International Stock Markets¹

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

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.

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.

Student Engagement Policy

Student's engagement will account for at least 20% of the final grade for every course, thus highlighting its significance for high-impact learning. Students will receive two engagement grades: a mid-term grade (at least 10%) and an end-of-semester grade (at least 10%). An engagement rubric is provided to ensure transparent and consistent grading.

Absences and Lack of Engagement

Absences during the add/drop period do not count against students' engagement grade, but may impact their performance in the course. As a consistent lack of academic engagement may raise concerns about a student's overall academic performance, the following steps will be taken in order to support students' success:

Initial outreach – after *missing 3 classes*

An E-mail from professor reiterating engagement policy and consequences for additional absences.

Second outreach – after *missing 4 classes*

An E-mail from professor and notification of academic staff at the International office.

Academic probation – after *missing 6 classes*

Student is called in for a meeting with academic staff at the International office. Automatic notification of home institution and further academic consequences.

Any additional absences will result in a failing grade.



Criteria	Exemplary (9-10)	Proficient (7-8)	Passing (5-6)	Poor (0-4)
Attendance	Arrives on time and stays for the entire duration of class. No absences, or if absent once, demonstrates knowledge of course material missed.	Misses no more than two sessions or is occasionally late. Demonstrates knowledge of course material missed.	Misses 3 or 4 sessions or frequently arrives late/leaves early; exhibits little knowledge/interest regarding course material missed.	Misses 5 or more sessions and does not demonstrate knowledge of course material missed.
Preparation	Consistently well-prepared; demonstrates deep understanding of readings and completes assignments.	Usually prepared; completes readings with some understanding and usually completes assignments.	Occasionally prepared. Demonstrates limited understanding of materials and occasionally completes assignments.	Rarely prepared; minimal effort to engage with course materials.
Participation	Actively participates in discussions with thoughtful comments/questions; demonstrates knowledge of the material and critical thinking skills.	Participates often demonstrating knowledge of material and critical thinking skills.	Participates once in a while or contributions lack depth or relevance.	Does not participate or is disruptive during discussions.
Attentiveness & Respect	Fully engaged and attentive during all sessions; respectful to professor and fellow students. Use of laptop/tablet for notetaking only; no cellphone use.	Generally attentive, with very infrequent lapses in focus and use of electronic devices for non-class related purposes. Respectful to professor and fellow students.	Occasionally inattentive or disengaged. Use of electronic devices for non-class related purposes thus showing disrespect towards professor and fellow students.	Rarely attentive, focused or responsive. Repeated use of electronic devices for non-class related purposes thus showing disrespect towards professor and fellow students.
Collaboration & Feedback	Effectively collaborates with peers in group or in-class activities following professor's instructions. Incorporates feedback to improve learning & performance.	Collaborates frequently with peers or in in-class activities. Incorporates feedback and makes moderate efforts to improve learning & performance.	Occasionally works well with peers but does not contribute substantially to in-class or group assignments. Responds to feedback inconsistently with minimal improvement.	Does not collaborate with peers, does not complete in-class or group assignments. Ignores feedback.

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 and using Artificial Intelligence) 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.

About Using Artificial Intelligence (AI)

The use of AI tools such as grammar checkers, ChatGPT, etc. and automatic translation tools is prohibited unless expressly permitted by the instructor to enhance the students' learning experience. Plagiarism includes, but is not limited to, the unacknowledged use of these tools to create content submitted as one's own. If the use of any of these tools is suspected, the instructor may request notes and other materials used in preparing assignments. Students must retain these materials until final grades are posted. Failure to produce these materials when requested may negatively impact the student's grades.

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

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)