



BUS 346E INTERNATIONAL FINANCE

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Office Hours: after class or by appointment only

Course Information:

Spring 2018

(a) Monday and Wednesday
09:00-10:20

(b) Monday and Wednesday
10:30-11:50

(c) Tuesday and Thursday
09:00-10:20

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 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 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. We will discuss the various risks that need to be considered when doing international business. Later, we will discuss the history of today's international monetary systems, its major players and the roles of each.

Finally, we will introduce the market for foreign exchange. We will learn how to read currency quotes, translate quotes and manipulate currency exchange rates to identify arbitrage opportunities.

In the second part of the course, we will analyze the foreign currency markets, not only the traditional spot and forward ones, but also the derivatives markets. Specifically, options and futures contracts. We will also discuss inflation and compare different currencies and draw conclusions based on various theories: 1) Purchasing Power Parity, 2) the Fischer effect, and 3) the International Fischer Effect. We will also learn and apply ways to forecast future exchange rates.

Learning Objectives

At the conclusion of this course students will:

1. Know 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. Be able to properly evaluate hedging opportunities, making and receiving international payments, and evaluating transactions in both dollar and foreign currency terms.
5. Refine each student's general business knowledge and extend their ability to confront new situations and propose solutions which can withstand critical examination into the area of international finance.

Required Texts

- 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

General Course Policies

Please keep your cell phones on silent during class and avoid all cell phone use except for a calculator when working on in-class problem sets. Strictly no food to be consumed in class.

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 dates will not be changed under any circumstances.

Attendance will be taken during the first 10-15 minutes of class and as part of your participation grade I recommend that you come prepared for in-class discussion and/or bring up to date lecture-related articles from magazines, newspapers or any other source that you wish to share with your classmates.

Quizzes and other assignments like problem sets will be given to make sure that you are on track.

Final Project

There are three main topics to choose from:

1. **Developing countries:** I will expect you to analyze the past, present and future of one of these countries. I would like you to analyze the developing country and share your opinion about its future in a global economy based on the results of your study.
2. **Fiscal paradises:** I will expect you to analyze what they are, why they exist, how they work and who is using them. Some examples include the Cayman islands and Andorra.
3. **International Stock Markets:** I will expect you to analyze and compare at least two international stock markets. 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:

02/14-15: In depth discussion about the final project.

03/07-08: Last day to submit detailed project topic.

03/28-29: Must submit rough draft/extended outline by email.

05/03: Final paper must be submitted by 11:59 p.m. by email.

05/07-15: Final Project Presentations.

FINAL PROJECT TOPICS:

1. Qatar	7. Guatemala	13. Bolivia
2. Saudi Arabia	8. Colombia	14. Belize
3. Philippines	9. Nigeria	15. Pakistan
4. Egypt	10. Afganistan	16. Senegal
5. Morocco	11. Argenita	17. Dominican Republic
6. Thailand	12. Costa Rica	18. Ukraine

Topic 1: Developing Countries**Topic 2: Fiscal Paradises/Tax Havens**

1. The Principality of Monaco	6. Malta	11. Bahamas
2. The Vatican	7. San Marino	12. Cayman Islands
3. Panama	8. Aruba	13. Switzerland
4. Andorra	9. Bermuda	14. Cook Islands
5. Cyprus	10. Gibraltar	15. Antigua and Barbados

Topic 3: International Stock Markets¹

1. NASDAQ	5. Spain	9. Brazil	13. Shangai Stock Exchange
2. NYSE	6. France	10. China	14. Bombay Stock Exchange
3. Tokyo Stock Exchange	7. Italy	11. Canada	15. Australia
4. London Stock Exchange	8. Germany	12. Hong Kong Exchanges and Clearing Limited	16. Russia

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.

Attendance and Punctuality

Attendance is mandatory. More than 3 unexcused absences will result in the lowering of the final grade. Students with more than 2 such absences may not challenge the final grade received. Punctuality is required – lateness will be penalised by 0.5 (over 15 mins) or 1 absence (over 30mins).

Academic Dishonesty

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. Avoid plagiarism by citing sources properly (using footnotes or endnotes and a bibliography).

Students with Disabilities

If you have a disability that requires special academic accommodation, please speak to your professor within the first three (3) weeks of the semester in order to discuss any adjustments. It is the student's responsibility to provide the International Center with documentation confirming the disability and the accommodations required (if you have provided this to your study abroad organization, they have most likely informed the International Center already but please confirm).

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.

Class Schedule

- Chapter 1.** Globalization and the Multinational Firm. David Ricardo's comparative advantages theory.
Main international stock markets review
- 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 (Quick Approach)

DETAILED CALENDER SECTIONS A & C:

MONDAY		WEDNESDAY	
		01/31/18	Presentation and Quiz
02/05/18	Quiz Review and Intro Chapter 1	02/07/18	Chapter 1
02/12/18	David Ricardo, Ch 1 Appendix	02/14/18	Final Project Explanation
02/19/18	Chapter 2	02/21/18	Chapter 2 and Main International Crisis
02/26/18	Chapter 2 + Chapter 3	02/28/18	HOLIDAY
03/05/18	Chapter 3 problems	03/07/18	Chapter 3 problems
03/12/18	Chapter 3 problems	03/14/18	Chapter 3 Summary/Exam Review
03/19/18	MIDTERM EXAM	03/21/18	Review Midterm Exam
03/26/18	SPRING BREAK	03/28/18	SPRING BREAK
04/02/18	Intro Chapter 4	04/04/18	Chapter 4 IRP problems
04/09/18	Chapter 4 IRP problems	04/11/18	Chapter 4 Discounting problems
04/16/18	SEVILLE FAIR	04/18/18	SEVILLE FAIR
04/23/18	Chapter 4 Discounting problems	04/25/18	Chapter 4 PPP/Fischer Effect
04/30/18	Intro to Chapter 5	05/02/18	Chapter 5 + summary
05/07/18	Final Project Presentations	05/09/18	Final Project Presentations
05/14/18	Final Project Presentations	05/16/18	Final Exam Review Session

DETAILED CALENDAR SECTION B:

TUESDAY		THURSDAY	
		02/01/18	Presentation and Quiz
02/06/18	Quiz Review and Intro Chapter 1	02/08/18	Chapter 1
02/13/18	David Ricardo, Ch 1 Appendix	02/15/18	Final Project Explanation
02/20/18	Chapter 2	02/22/18	Chapter 2 and Main International Crisis
02/27/18	Chapter 2	03/01/18	Chapter 3
03/06/18	Chapter 3 problems	03/08/18	Chapter 3 problems
03/13/18	Chapter 3 problems	03/15/18	Chapter 3 Summary/Exam Review
03/20/18	MIDTERM EXAM	03/22/18	Review Midterm Exam
03/27/18	SPRING BREAK	03/29/18	SPRING BREAK
04/03/18	Intro Chapter 4	04/05/18	Chapter 4 IRP problems
04/10/18	Chapter 4 IRP problems	04/12/18	Chapter 4 Discounting problems
04/17/18	SEVILLE FAIR	04/19/18	SEVILLE FAIR
04/24/18	Chapter 4 Discounting problems	04/26/18	Chapter 4 PPP/Fischer Effect
05/01/18	HOLIDAY	05/03/18	Chapter 5 + summary
05/08/18	Final Project Presentations	05/10/18	Final Project Presentations
05/15/18	Final Project Presentations	05/17/18	Final Exam Review Session

IMPORTANT DATES:

2/09 Last day of Add/Drop

2/23 Last day to Withdraw

05/21-05/24 FINAL EXAM PERIOD FINAL EXAM TBD