



Bus 346: International Finances

**PROGRAMA DE ESTUDIOS HISPANICOS
SPRING 2009**

**Syllabus
Spring 2009**

LECTURER: Jesús C. Abellán Muñoz

INTERNATIONAL FINANCE: AN INTRODUCTION

The main purpose of this course is to introduce the students to the complex world of International Finance. International Finance is the branch of Economics that studies the dynamics of exchange rates, foreign investment, and how these affect international trade. It also includes the study of futures, options and currency swaps.

The first part of this course is dedicated to the description and the functions of today's monetary systems, at both the international and European level. Before continuing, we will make a quick review of the main international stock markets which will be useful for your final project. Finally, we will analyze the different theories that attempt to explain the formation of conversion rates.

In the second part, we will analyse the foreign currency markets, not only the traditional spot and forward ones, but also the derivatives markets. Specifically, option and future contracts on foreign currency are described as well as some *over the counter* (OTC) products.

EVALUATION SYSTEM

Your final grade will be calculated according to the following system:

- 15% mid-term exam
- 30% final exam
- 40% final project
- 15% Class participation quizzes and extra assignments

Every day, during the first 10-15 minutes of class I will invite you (and of course consider it in your 15% participation grade) to bring lecture-related articles from

magazines, newspapers or any source that you wish, and share them with the rest of your classmates.

Once in a while a quiz will be given to make sure that you are on track.

FINAL PROJECT

Three main topics will be available:

· Developing countries: I will expect you to analyze the past, present and future of one of these countries; for example, China or Brazil. I will also especially consider your personal opinion and analysis about the chosen country and its near future according to the results of your study.

· Fiscal paradises: I will expect you to analyze what they are, why they exist, how they work and who is using them. Some examples are the Cayman Islands and Andorra.

· 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 that the markets behave in time. If there is no relationship, your challenge will be to explain why.

We will talk more about this in class, but you can start considering the following key dates:

- 11/02/2009 – Main international stock markets review and discussion about the final project.
- 04/03/2009 – Last day to submit detailed project topic. (First come, first served).
- 25/03/2009 – Submit project rough draft in class
- ¿04/05/2009? – Final paper due, 11:59 p.m. Hard copy or by e-mail
- 06/05/2009 – 13/05/2009 – Final project presentations.

INTERNATIONAL FINANCES: TABLE OF CONTENTS
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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.

CLASS CALENDAR

MONDAY		WEDNESDAY	
		28/01/2009	Presentation and Quiz
02/02/2009	Quiz review and Chapter 1	04/02/2009	Chapter 1
09/02/2009	David Ricardo, Chapter 1 appendix	11/02/2009	Main international stock markets review
16/02/2009	Chapter 2	18/02/2009	Chapter 2 and main international crisis
23/02/2009	Chapter 2 and Chapter 3	25/02/2009	Chapter 3
02/03/2009	Chapter 3 and problems	04/03/2009	Chapter 3 and problems
09/03/2009	Chapter 3 and problems and review	11/03/2009	Mid-term exam
16/03/2009	Review mid-term + Basic finances test	18/03/2009	Basic Finances "check-up"
23/03/2009	Hedged arbitraje problems	25/03/2009	Hedged arbitraje problems
30/04/2009	Chapter 4	01/04/2009	Chapter 4
13/04/2009	Chapter 4	15/04/2009	Chapter 4 and problems
20/04/2009	Chapter 4 and problems	22/04/2009	Chapter 5
04/05/2009	Chapter 5 + review + summary	06/05/2009	Final project presentations
11/05/2009	Final project presentations	13/05/2009	Final project presentations

COMPULSORY REFERENCE

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

LECTURER

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