



BUS 346E INTERNATIONAL FINANCE

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Office Hours: Tuesdays 9-10 or by appointment

Course Information:

Spring 2019

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

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

(c) Tuesday and Thursday
12:00-1:20

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, completed problem sets and/or current lecture-related articles from magazines, newspapers, etc.

Quizzes and 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. (Groups of 2)
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. (Groups of 2)
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. (Groups of 2-3)
4. **Independent Topic:** You can choose to research any international finance topic that interests you related to the course. You will be required to inform the class and expected to take a position and support your argument. (Groups 1-3)

Please choose your groups carefully. Your group will be evaluated as a whole; therefore, all of you will receive the same grade for the final paper and the presentation.

FINAL PROJECT IMPORTANT DEADLINES

02/13 (a/b) 02/14(c): In depth discussion about the final project.
02/27: Email me your group members and final project topic.

03/27 (a/b) 03/28 (c): Must submit rough draft/detailed outline in class.
 04/22 (a/b) 04/25 (c): Printed final paper due in class.
 Last 3 classes Final Project Presentations.

FINAL PROJECT TOPICS:

1. Qatar	7. Guatemala	13. Bolivia
2. Ecuador	8. Colombia	14. Belize
3. Philippines	9. Nigeria	15. Pakistan
4. Egypt	10. Jordan	16. Senegal
5. Morocco	11. Paraguay	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. Shanghai 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.

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

CRITERIA	25	20	15	10	POINTS
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.	

PLEASE NOTE Internet use (email, facebook, Instagram, booking, etc.) during class will negatively affect your participation grade.

Attendance and Punctuality

Attendance is mandatory. 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 late in the semester, the following penalties will apply:

On your 5th absence, 1 point will be taken off of your final grade (Spanish grade of 1-10)

On your 6th absence, 3 points will be taken off of your final Spanish grade

On your 7th absence, 5 points will be taken off of your final Spanish grade

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 Learning Accommodations

If you require learning accommodations, you must stop by the International Center by February 21st to speak to Rubén (the Faculty coordinator) to either turn in your documentation or to confirm that our office has received it. Rubén 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.

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 & B:

MONDAY		WEDNESDAY	
		01/30/19	Presentation and Quiz
02/04/19	Quiz Review and Intro Chapter 1	02/06/19	Chapter 1
02/11/19	David Ricardo, Ch 1 Appendix	02/13/19	Final Project Explanation
02/18/19	Chapter 2	02/20/19	Chapter 2 and Main International Crisis
02/25/19	Chapter 2	02/27/19	Chapter 3
03/04/19	Chapter 3 problems	03/06/19	Chapter 3 problems
03/11/19	Chapter 3 problems	03/13/19	Chapter 3 Summary/Exam Review
03/18/19	MIDTERM EXAM	03/20/19	Review Midterm Exam
03/25/19	Intro Chapter 4	03/27/19	Chapter 4 IRP problems
04/01/19	Chapter 4 IRP problems	04/03/19	Chapter 4 Discounting problems
04/08/19	Chapter 4 Discounting problems	04/10/19	Chapter 4 PPP/Fischer Effect
04/15/19	SEMANA SANTA	04/17/19	SEMANA SANTA
04/22/19	Chapter 5	04/24/19	Final Project Presentations
04/29/19	Final Project Presentations	05/01/19	HOLIDAY
05/06/19	FERIA DE ABRIL	05/08/19	FERIA DE ABRIL
05/13/19	Final Project Presentations	05/15/19	Final Exam Review Session

IMPORTANT DATES:

2/5 Last day of Add/Drop

2/21 Learning Accomodation

3/22 Last day to Withdraw

05/20-05/23 FINAL EXAM PERIOD FINAL EXAM TBD

DETAILED CALENDAR SECTION C:

TUESDAY		THURSDAY	
		02/01/19	Presentation and Quiz
02/05/19	Quiz Review and Intro Chapter 1	02/07/19	Chapter 1
02/12/19	David Ricardo, Ch 1 Appendix	02/14/19	Final Project Explanation
02/19/19	Chapter 2	02/21/19	Chapter 2 and Main International Crisis
02/26/19	Chapter 2 + Intro Chapter 3	02/28/19	HOLIDAY
03/05/19	Chapter 3	03/07/19	Chapter 3 problems
03/12/19	Chapter 3 problems	03/14/19	Chapter 3 problems
03/19/19	Chapter 3 Summary/Exam Review	03/21/19	MIDTERM EXAM
03/26/19	Review Midterm Exam	03/28/19	Intro Chapter 4
04/02/19	Chapter 4 IRP problems	04/04/19	Chapter 4 IRP problems
04/09/19	Chapter 4 Discounting problems	04/11/19	Chapter 4 Discounting problems
04/16/19	SEMANA SANTA	04/18/19	SEMANA SANTA
04/23/19	Chapter 4 PPP/Fischer Effect	04/25/19	Chapter 5
04/30/19	Final Project Presentations	05/02/19	Final Project Presentations
05/07/19	FERIA DE ABRIL	05/09/19	FERIA DE ABRIL
05/14/19	Final Project Presentations	05/16/19	Final Exam Review Session

IMPORTANT DATES:

2/5 Last day of Add/Drop

2/21 Learning Accomodation

3/22 Last day to Withdraw

05/20-05/23 FINAL EXAM PERIOD FINAL EXAM TBD