

## **BUS 346E International Finance**

**Professor:** tba

**Office:** CUI-UPO (Building 25, ground floor)

**Email:** tba

**Office Hours:** by appointment

**Course information:**

June 2021 (online)

### **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 brief study of futures, options and currency swaps.

### **Course Goals and Methodology**

The main goal 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 and successful understanding international finance is key. Various risks that need to be considered when doing international business and the major differences between domestic and international finance will be discussed. Later, the history of today's international monetary systems, its major players and the current exchange rate regimes that exist today will be presented. Then, 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 identify arbitrage opportunities. The second part of the course will focus on analyzing foreign currency markets and identifying arbitrage opportunities. 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. Finally, the course concludes with giving students a brief introduction to futures and options.

### **Learning Objectives**

Through this course, students will:

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

## Technical Requirements

This course requires that students have their own laptop (or have access to a computer or laptop), since tablets, Chromebook or cell phones may not meet our virtual platform requirements. Also, students are expected to have a high-speed Internet Service Provider. A webcam and a headset (preferred) or microphone for your computer is also required.

You should be proficient in the following:

- basic computer skills
- email management
- sending and receiving attachments via email
- using a web browser
- finding resources through search engines
- using productivity applications such as GoogleDocs and Google Slides
- using educational technology such as: Kahoot, Blackboard Collaborate, or Zoom
- familiarity with creating PDF files and submit them on Blackboard
- the ability to be self-directed in learning new technology skills (e.g. access to support to learn necessary skills for Blackboard, or a step-by-step video tutorial)

For technical problems with Blackboard, please contact Jorge Pascual

([jpasdia@acu.upo.es](mailto:jpasdia@acu.upo.es)).

## Required Texts

There is no textbook required for this course. Therefore, students are not expected to purchase any material. The instructor will post the class material (presentations, readings, in-class worksheets, announcements, links, and any additional reading) on Blackboard. To log in, you will need to sign in on <https://campusvirtual.upo.es> using the username and password you received from UPO's International Center.

### Helpful websites

- <http://campusvirtual.upo.es/> on-line platform. Main class material.
- [www.economist.com](http://www.economist.com) -analytical articles on world economic/political affairs
- [www.nyse.com](http://www.nyse.com) - New York Stock Exchange
- [www.nasdaq.com](http://www.nasdaq.com) - Nasdaq Stock Exchange
- [www.eurunion.org](http://www.eurunion.org) -EU guide for Americans
- [www.ft.com](http://www.ft.com) – Financial Times, international news, economy, corporate activities, shares
- [www.oecd.org](http://www.oecd.org) - Organization for Economic Cooperation and Development



- [www.londonstockexchange.com](http://www.londonstockexchange.com) - London Stock Exchange
- [www.imf.org](http://www.imf.org) - International Monetary Fund
- [www.nytimes.com](http://www.nytimes.com) - World news, critical editorials
- [www.worldbank.org](http://www.worldbank.org) - World Bank
- [www.stockex.co.uk](http://www.stockex.co.uk) - Stock Ex Financial Market News
- [www.tse.or.jp/english/](http://www.tse.or.jp/english/) - Tokyo Stock Exchange
- [www.forex.com](http://www.forex.com) - FOREX trading platform

### Course Requirements and Grading

Your final grade will be calculated as follows:

- Mid-term Exam (20%)
- Final Exam (30%)
- Final Project (35%)
- In-class and forum participation (15%)

***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 or 3 students. It consists of a 10-15 minute PowerPoint presentation and a final paper (approx. 15-21 pages).

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.

1. El Salvador	7. Guatemala	13. Bolivia
2. Belize	8. Colombia	14. Ukraine
3. Philippines	9. Nigeria	15. Pakistan
4. Egypt	10. Afghanistan	16. Senegal
5. Morocco	11. Croatia	17. Costa Rica
6. Thailand	12. Ecuador	18. Dominican Republic

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.

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



3. International Stock Markets<sup>1</sup>: 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.

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. LSE	8. Germany	12. Hong Kong	16. Russia

Participation: I evaluate your active attention and valid input during online lectures, group activities, etc. I expect you to be respectful of your classmates' by arriving on time and avoiding internet use and/or cell phone use during class. Below is a detailed rubric of how I will evaluate your participation:

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

<sup>1</sup> 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.



	required class materials.			
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### Course contents

Globalization and the Multinational Firm.

David Ricardo's Theory of Comparative Advantage.

The International Monetary System.

The Market for Foreign Exchange.

International Parity Relationships & Forecasting Foreign Exchange Rates.

Futures and Options on Foreign Exchange (Quick Approach)

### General Course Policies

Punctuality and tardiness: Arriving late, even to a virtual class, is disruptive to both the professor and your classmates.

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 an urgent request or question for your professor, be sure to send it during the week.

### Attendance

Attendance is mandatory at all online classes. All absences must be justified by a doctor's note (signed, stamped and dated). More than one unjustified absence will adversely affect your final grade. Professors will keep track of each student's attendance and active participation during the course. Students are expected to have their webcams turned on during the online sessions.

### Learning Accommodations

If you require special accommodations, or have any other medical condition you deem may affect your class performance, you must speak to the Faculty Coordinator (rdialop@acu.upo.es) to either send in your documentation or to confirm that our office has received it. The deadline is June 9. Rubén will explain the options available to you.

**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. Avoid plagiarism by citing sources properly, using footnotes and a bibliography, and not cutting and pasting information from various websites when writing assignments.