



International Finance

Section I: Course Overview

Course Code: FIN360FCO

Subject Area(s): Finance

Prerequisites: See below

Language of Instruction: English

Total Contact Hours: 45

Credits: 3

Course Description

This course analyzes the main financial challenges that companies face in an international context. Globalization and the increasing economic integration of goods, services, and financial markets at the international level present governments and enterprises with both opportunities and challenges. Key dimension that distinguishes domestic finance from international finance is international risk. Fluctuations in exchange rates, interest rates, and inflation require risk identification, risk measurement and hedging, important tasks for international finance.

This course explores the main challenges of international financial transactions and is divided into two sections. First, students are familiarized with exchange rate determination, balance of payments, the international monetary system, the European Monetary System, and the parity conditions in real markets and financial markets. Second, they examine the different derivatives for hedging (options, forwards, futures, and swaps), and exposure measurement (translation, transaction and economic exposure). Discussions of course readings are combined with exercises to encourage practical application of the studied topics and concepts.

Learning Objectives

Upon successful completion of this course, students are able to:

- Explain the environment and factors associated with foreign exchange rate determination
- Identify various forms of financial instruments available for foreign exchange risk management
- Evaluate the key economic theories that underlie the foundation of foreign exchange risk management
- Assess the basic strategies and techniques associated with foreign exchange risk management

- Describe the risk and advantages of international investing and assess the profitability of foreign investments

Prerequisites

Prior to enrollment, this course requires you to have completed either Principles of Finance or Managerial Finance in addition to Intermediate Finance or Corporate Finance.

Section II: Instructor & Course Details

Instructor Details

Name: TBC

Contact Information: TBC

Term: TBC

Course Day and Time: TBC

Office Hours: By Appointment

Grading & Assessment

The instructor assesses students' mastery of course learning objectives by using the forms of assessment below. Each of these assessments is weighted toward the final grade. The Assessment Overview section provides further details for each.

Engagement - 20%

Homework - 20%

Midterm Exam - 20%

Final Project - 20%

Final Exam - 20%

Assessment Overview

This section provides a brief description of each form of assessment listed above. Forms of assessment may be slightly modified in the term syllabus.

Engagement (20%): Students are expected to be engaged in class, to have read the CEA CAPA Engagement Policy, and to understand the [Class Engagement Rubric](#) that outlines how engagement is graded.

Homework (20%): Students will deliver worksheets and solutions to problems presented in class. These assignments may be individual and/or group assignments. Each student is expected to complete these before the session and be able to deliver and engage their analysis in class.

Midterm and Final Exam (20% each): The midterm and final exams will cover all material studied during the course—theory, worksheets, case studies, and final projects. The exams are designed to establish and communicate to you the progress you are making towards meeting the course learning objectives listed above. They are comprised of questions and exercises that test your abilities in three important areas of competency: the amount of information you master; the accuracy of the information you present; and the

significance you ascribe to the facts and ideas you have integrated across your study in this course.

Final Project (20%): Students will investigate an important topic in international finance, develop a PowerPoint presentation, and deliver an oral presentation on the selected topic in class. The topic choices are to be consulted with and approved by the course instructor. Project assignment expectations, guidelines, and requirements will be provided during the course.

Active Learning

Experiential learning is an essential component of education abroad, and participation in field studies is a required part of coursework. In this course, students explore the city in which they are studying using a variety of methods. This provides the opportunity to gain nuance and perspective on the host context and course content, as well as to collect information and resources for assigned papers, projects, and presentations.

- Visit to local business

Readings and Resources

The below readings and resources are representative of what will be assigned as required in this course, but may vary slightly in the term syllabus.

All students are given access to the online library of the University of New Haven (UNH), accessible [here](#), and are expected to comply with [UNH Policies](#) regarding library usage.

Wherever possible, required readings are made accessible through the online library or Canvas. Students are responsible for obtaining all required readings.

Each course utilizes Canvas as its LMS. Students are expected to check Canvas regularly for updates and deadlines. Canvas is also the primary platform for contacting your instructor in case of questions or concerns about the course.

Required

Shapiro, Alan C. (2020). *Multinational Financial Management*, 11th edition, John Wiley & Sons. (731 pp.)

Recommended

Bloomberg Business Week: bloomberg.com

The Economist: www.economist.com

Wall Street Journal: <http://online.wsj.com>

Financial Times: www.ft.com

Krugman, P.R., Obstfeld, O. and Melitz, M. (2022): *International Finance: Theory and Policy*, 12th ed., Pearson.

Course Calendar

Session 1

Topics	Introduction to Course Review Syllabus & Classroom Policies The International Financial Management Environment; Multinational Corporations & Financial Management
Activity	Course Overview Lecture & Discussion
Readings & Assignments	Syllabus review Shapiro, Ch 1 (pp. 3-35)

Session 2	
Topics	The Determination of Exchange Rates Setting the equilibrium spot exchange rate; Fundamentals of Central Bank intervention
Activity	Lecture & Discussion Work on Exercises
Readings & Assignments	Shapiro Ch 2 (pp. 37-62) Assignment: worksheet

Session 3	
Topics	The Balance of Payments & International Economic Linkages Balance of Payments categories; International flow of goods, services and capital
Activity	Lecture & Discussion Work on Exercises
Readings & Assignments	Shapiro Ch 5 (pp. 139-166) Assignment: worksheet

Session 4	
Topics	Currency Futures & Options Market Futures Contracts; Currency Options; Future Options
Activity	Lecture & Discussion Work on Exercises
Readings & Assignments	Shapiro Ch 7 (pp. 189-216) Assignment: worksheet

Session 5	
Topics	Parity Conditions in International Finance & Currency Forecasting Arbitrage and the Law of One Price; Purchasing Power Parity; Fisher Effect and International Fisher Effect, The Interest Rate Parity Theory
Activity	Work on Exercises Current Events: News Discussion
Readings & Assignments	Shapiro Ch 4 (pp. 101-138) Assignment: worksheet

Session 6	
Topics	The International Monetary System Alternative exchange rate systems; A brief history of the International Monetary System; The European Monetary System and Monetary Union
Activity	Lecture & Discussion

Readings & Assignments	Shapiro Ch 3 (pp. 63-100)
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Session 7	
Topics	The Foreign Exchange Market Organization of Foreign Exchange Market; The Spot Market, The Forward Market
Activity	Lecture & Discussion Work on Exercises Midterm Exam Review
Readings & Assignments	Shapiro Ch 6 (pp.167-188) Assignment: worksheet

Session 8	
Mid-term Exam	

Session 9	
Topics	Currency, Interest Rate, Credit Derivatives & Swaps Interest Rate Swaps; Currency Swaps
Activity	Lecture & Discussion Work on Exercises
Readings & Assignments	Shapiro Ch 8 (pp. 217-244) Assignment: worksheet

Session 10	
Topics	Measuring & Managing Translation & Transaction Exposure Alternative measures of foreign exchange exposure; Alternative Translation methods; Transaction exposure; Managing Transaction exposure
Activity	Lecture & Discussion Work on Exercises
Readings & Assignments	Shapiro Ch 9 (pp. 245-286) Assignment: worksheet

Session 11	
Topics	Measuring & Managing Economic Exposure Identifying Economic exposure; Calculating Economic exposure; Managing Economic exposure
Activity	Lecture & Discussion Work on Exercises
Readings & Assignments	Shapiro Ch 10 (pp. 287-322) Assignment: worksheet

Session 12	
Topics	International Portfolio Management Risks & Benefits of International Equity Investment; Optimal International Asset Allocation, Measuring the Total Return from Foreign Portfolio Investing, Measuring Exchange Risk on Foreign Securities

Activity	Lecture & Discussion Work on Exercises <i>Guest Speaker</i>
Readings & Assignments	Shapiro Ch 13 (pp. 368-392) Assignment: worksheet

Session 13	
Topics	Capital Budgeting for Multinational Corporations Basics of Capital Budgeting; Issues in Foreign Investment Analysis; Political Risk; Growth Options & Project Evaluation
Activity	Lecture & Discussion Work on Exercises Active Learning Activity
Readings & Assignments	Shapiro Ch 17 (pp. 477-508) Prepare for final presentations

Session 14	
Topics	Final Presentations & Final Exam Review
Activity	Presentations & Review
Readings & Assignments	Prepare for final exam

Session 15	
Final Exam	

Section III: Academic Policies and Standards

Academic Policies

Students are expected to review and understand all CEA CAPA student policies, including our [Academic Policies](#) and [Engagement Policy](#). CEA CAPA reserves the right to change, update, revise, or amend existing policies and/or procedures at any time. Additional requirements that may be associated with a specific course or program are addressed in the term syllabus.

Student Learning & Development Objectives

CEA CAPA has identified [Student Learning and Development Objectives \(SLDOs\)](#) for all programs in all locations: content in context, navigating differences, power and equity, critical thinking and intellectual curiosity, career and professional development, and sustainability and migration.

These are meta-level learning objectives that transcend coursework and are infused across all elements of program delivery, beyond specifics of course offerings, addressing student learning holistically and framing it a larger learning context.