



BUS 346Ea&b International Finance

Course Description

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.

Course Goals and Methodology

The main purpose of this course is to introduce the students to the complex world of International Finance.

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.

Learning Objectives

At the conclusion of this course students will:

1. Develop knowledge of and ability to use the precise language of International Finance.
2. Develop knowledge of the institutions of international finance and use that knowledge to predict and assess the impacts and responses of governments, markets, and firms to various international situations.
3. Demonstrate knowledge and ability to use various theories to forecast currency future values and assess the pressure currency values are under.
4. Demonstrate their ability to analyze and evaluate both international financial borrowing and investment opportunities.

5. Extend their ability to do the mathematics of finance into the realm of international finance including the ability to evaluate hedging opportunities, make and receive international payments, evaluate transactions in both dollar and foreign currency terms.
6. Refine each student's general knowledge of business 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.

WEBS:

- <https://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 - Organisation for Economic Co-operation 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
- <https://www.cia.gov/library/publications/the-world-factbook/> - Central Intelligence Agency: The World Fact Book
- www.forex.com – FOREX trading platform.

General Course Policies

Please keep your cell phones in silent at all times, and avoid their use except as a calculator.

Strictly no food to be consumed in class.

Course Requirements and Grading

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

- 20% mid-term exam
- 30% final exam
- 35% 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.

Quizzes or similar assignments 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:

(b)– Main international stock markets review and discussion about the final project.

- Last day to submit detailed project topic. (First come, first served).
- Submit project rough draft/extended outline in class (e-mail allowed)
- Final paper due, e-mail
- Final project presentations.

Final Project Topics

Developing Countries	<ol style="list-style-type: none"> 1. Qatar 2. Saudi Arabia 3. United Arab Emirates 4. Egypt 5. Morocco 6. Thailand 7. Malaysia 8. South Korea 9. Turkey 10. Bosnia and Herzegovina 11. Montenegro 12. Venezuela 13. Costa Rica 14. Cuba 15. Uruguay 16. Russia 17. Haiti 	
Fiscal Paradises / Tax Havens	<ol style="list-style-type: none"> 1. The Principality of Monaco 2. The Vatican 3. Liechtenstein 4. Andorra 5. Cyprus 6. Malta 7. San Marino 8. Aruba 9. Bermuda 10. Gibraltar 11. Bahamas 12. Cayman Islands 13. Switzerland 14. Cook Islands 15. Antigua and Barbuda 	
International Stock Markets ¹	<ol style="list-style-type: none"> 1. NASDAQ 2. NYSE 3. Tokyo Stock Exchange 4. London Stock Exchange 5. Spain 6. France 7. Italy 8. Germany 9. Brazil 10. China 	<ol style="list-style-type: none"> 11. Canada 12. Hong Kong Exchanges and Clearing Limited 13. Shanghai Stock Exchange 14. Bombay Stock Exchange 15. Australia 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 CLASS CALENDAR A

MONDAY		WEDNESDAY	
			Presentation and Quiz
	Quiz review and Chapter 1		Chapter 1
	David Ricardo, Chapter 1 appendix		Main international stock markets review
	Chapter 2		Chapter 2 and main international crisis
	Chapter 2 and Chapter 3		Chapter 3
	PUENTE DE ANDALUCIA		Chapter 3 and problems
	Chapter 3, problems and review		Mid-term exam
	Review mid-term + Basic finances test		Chapter 4
	Chapter 4		Chapter 4
	Chapter 4 and problems		Chapter 4 and problems
	Chapter 4 and problems		Chapter 4 and problems
	Chapter 5		Chapter 5 + summary
	Final project presentations		Final project presentations
	Final project presentations		Final Review

DETAILED CLASS CALENDAR B

			Presentation and Quiz
	Quiz review and Chapter 1		Chapter 1
	David Ricardo, Chapter 1 appendix		Main international stock markets review
	Chapter 2		Chapter 2 and main international crisis
	Chapter 2 and Chapter 3		Chapter 3
	Chapter 3 and problems		Chapter 3, problems and review
	Mid-term exam		Review mid-term + Basic finances test
	Chapter 4		Chapter 4
	Chapter 4		Chapter 4 and problems
	Chapter 4 and problems		Chapter 4 and problems
	Chapter 4 and problems		Chapter 4 and problems
	Chapter 5		Final Project presentations
	Final project presentations		LABOR DAY
	Final project presentations		Final Review

Holidays:

Holy Week

Seville's April Fair