

COURSE SYLLABUS

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| COURSE TITLE: | International Finance | COURSE CODE: | FINC 450 |
| PREREQUISITES: | Basic finance, accounting and business strategy | SEMESTER: | SPRING 2017 |
| INSTRUCTOR: | Richard THOMPSON | CREDITS: | 3 |
| EMAIL: | richard.thompson@exterieur.groupe-igs.fr | SCHEDULE: | Fridays 15h30-18h30 |

COURSE DESCRIPTION:

The course is a study of the global financial environment from the point of view of the multinational enterprise. The course covers the global financial environment, foreign exchange theory and markets, foreign exchange exposure and the financing of the global firm.

COURSE OBJECTIVES:

With the rapid globalization of the world economy, the managers of a firm have to understand that their decisions will be greatly influenced by variables such as exchange rate policies, trade policies, international accounting standards, etc. The goal of this course is to help students understand how the managers of a firm function in this increasingly uncertain environment. This course will focus on four main areas of international finance: (1) key economic theories, (2) financial instruments for risk management, (3) exchange risk management, and (4) international financing and investment issues

Presence in class is mandatory. More than 2 absences will lead to a failing grade.

EXPECTED LEARNING OUTCOMES:

Upon completion of this course, students should be able to:

- Understand the economics of balance of payments and currency markets
- Calculate spot, forward and swap foreign exchange transactions.
- Comprehend the basics of forward and future currency contracts.
- Analyze exposure risk of international transactions
- Use hedging techniques to mitigate risk.
- Appreciate debt and equity markets in a multinational context.

MANDATORY TEXTBOOK:

ISBN: 9781292097879

Eiteman/Stonehill/Moffett, *Multinational Business Finance Global Edition*, 14th Edition, Pearson Higher Education. (Students may work with earlier editions with the understanding that some of the problems may be different.)



EVALUATIONS:

The final grade will be determined as follows:

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|--------------------------|-----|
| Attendance/Participation | 15% |
| Mid-term 1 | 25% |
| Mid-term 2 | 25% |
| Final Exam | 35% |

Mid-term and Final exams will be closed book and closed notes

Only non-programmable calculators will be accepted. Cell phones as calculators are not allowed

Final Exams will be scheduled by the administration and will be posted by 31 March 2017. The last day of the semester is 12 May 2017. DO NOT PLAN ANY TRAVEL BEFORE THIS DATE AS THERE ARE NO MAKE-UP EXAMS.

COURSE SCHEDULE:

| Date | Eiteman 14th Edition | Subjects |
|---------|-------------------------|--|
| 03-févr | 1 2 | Current Multinational Financial Challenges Ownership and Governance of the Corporation |
| 10-févr | 3 4 | The International Monetary System International Business Transactions - BOP: Accounts, Credits/Debits, Surplus/Deficit, Chinese Double Surplus |
| 17-févr | 4 | International Business Transactions - BOP (cont) |
| 24-févr | 6 | Mid-term 1 Foreign Exchange Markets - Spot Markets, Forward Markets, Forward Premiums, Triangular Arbitrage |
| 03-mars | 6 | Foreign Exchange Markets (cont) |
| 10-mars | 7 | International Parity Conditions: Law of One Price, Pass- Through, Fisher Open, Covered Interest Arbitrage |
| 17-mars | 8 | Currency Derivatives: Futures: Hedging and Speculating, Futures vs Forwards |
| 31-mars | 8 | Mid-term 2 Interest Rate and Currency Swaps: Hedging Interest Risk, Swaps, CDSs |
| 07-avr | 10 | Transaction Exposure: Types of Exposure, Measuring Transaction Risk, Hedging Transaction Risk |
| 14-avr | 11 | Translation Exposure: Subsidiary Characterization, Functional Currencies, Current and Temporal Methods |
| 21-avr | 12 | Operating Exposure: Identifying, Measuring and Hedging Exposure, Risk Sharing, Reinvoice Centers, Matching, Leads and Lags, Back to Back Loans |
| 28-avr | | Sustainable Development Issues: Social Life Cycle Assessment, Carbon Credits, Articles from the Financial Press |