

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA
WINTER :
FIN 6030 : INTERNATIONAL FINANCIAL MARKETS
COURSE SYLLABUS
DAY/TIME:
INSTRUCTOR :
CREDITS: 4 UNITS

COURSE DESCRIPTION

Examination of the implications of the globalization of financial markets, financial instruments in a global market, composition of world bond and equity markets, foreign exchange markets, interest rate and currency swaps, global interest rate links, and cross-currency and cross-border arbitrages.

Prerequisite: BUS 5020

COURSE OBJECTIVES

The purpose of this course is to introduce the students to the nature, structure and operations of financial markets that are open to international financial players.

COURSE CONTENT

Week 1

Overview of Financial Markets

- market participants
- the need for financial markets
- the regulation of financial markets
- financial innovations
- integration of international financial markets and recent developments in international financial markets

Week 2

The Role of Financial Institutions in the International Financial Markets

- competition among institutions
- information intermediation
- security size intermediation
- cost intermediation
- risk intermediation

Week 3-4

Foreign Exchange Markets

- factors influencing supply and demand market forces
- the foreign exchange rates
- the foreign exchange risk
- the foreign exchange risk management strategies
- Foreign currency futures and options

Week 5

Organization and Structure of Equity Markets

- the primary markets
 - role of
 - regulations in
- motivation for raising funds from non-domestic markets
- major players
- the secondary markets
 - functions/roles
 - market structures
 - trading mechanisms
 - role of brokers and dealers
 - transaction costs and market efficiency

MID-QUARTER EXAMINATION

Week 6

The Derivatives Markets

- introduction to derivatives markets
- futures markets
 - mechanics of futures trading
 - risk-return characters of futures contracts
 - pricing of futures contracts
 - hedging with futures
 - role of futures in financial markets
 - options markets
 - definition
 - differences with futures contracts
 - risk-return characteristics
 - pricing
 - role of options markets

Week 7

International Debt Markets

- Introduction to the International Bond Markets
- money markets
- treasury and agency securities
- corporate bond markets
- eurobonds market, features, new issue procedures, valuation

Week 8

Mortgage Markets

- definition
- originators
- services
- the mismatch problem and creation of adjustable-rate mortgages
- default risk for mortgages
- development of secondary mortgage markets
- market for collateralized mortgage obligations

Week 9

Bi/Multilateral Lending

- rationale for bi/multilateral lending
- problems with bi/multilateral lending
- impact of bi/multilateral lending

Week 10

Government Policies and Capital Flows

- conventional wisdom about capital flows
- capital flows as perceived by the engineers of Bretton Woods
- lending and capital flows in the 1970s
- the debt crisis
- debt crisis and the policy response with hindsight
- central banks and international cooperation, the European monetary system
- international coordination

Week 11

FINAL EXAMINATION

COURSE TEXT

Grabbe J. Orlin, *International Financial Markets*, 3rd Ed. (New York: Elsevier, 1996.)

Frank Fabozzi & Franco Modigliani *Capital Markets, Institutions and Instruments*, 2nd Edition (London: Prentice-Hall International, Inc. 1996)

READINGS

Madura Jeff, *Financial Markets and Institutions*, 4th Edition (West Publishing co. 1995.)

Frank Reilly, *Investment Analysis and Portfolio Management*, 4th edition (Illinois: Dryden Press 1994)

COURSE EVALUATION

The course will be conducted by way of lectures and discussions. Students are advised to have a go at the class materials before these are discussed in class. Evaluation will be as follows:

Assignments	40%
Attendance and participation	20%
Mid-quarter examination	20%
Final examination	20%
Total	100%

GRADING

90	-	100	A
87	-	89	A-
84	-	86	B+
80	-	83	B
77	-	79	B-
74	-	76	C+
70	-	73	C
67	-	69	C-
64	-	66	D+
62	-	63	D
60	-	61	D-
Below	59	F	

