

Course Name : International Finance

Credits	1.50
Faculty Name	Soumya G Deb
Program	Ex-MBA
Academic Year and Term	2017-18 batch Term -3

1. Course Description:

Businesses are operating in an increasingly interconnected global environment. Most businesses today are either directly or indirectly exposed to international competition. Managing such businesses requires understanding of currency risks and global financial environment. The objective of this course is to provide students with an in depth knowledge of these issues. The main topics covered in this course are: forex markets, international Parity conditions, forex risks, currency derivatives and hedging issues, issues with currency investment strategies, issues with cross border financing decisions and cross border investment decisions.

Welcome to the course !!

2. Student Learning Outcomes :

After completing this course students should be able to

- Demonstrate basic understanding of foreign exchange market and exchange rates
- Demonstrate basic understanding of how to use foreign exchange derivatives and other techniques to manage foreign exchange exposures of firms.
- Demonstrate basic understanding of the issues pertaining to multinational financing and investment decisions
- Demonstrate critical and analytical skills wherein they should be able to make sense out of a mass of information to address relevant issues pertaining to international finance theory.

3. Pedagogy

Interactive class lectures, numerical problem solving, case analysis (cases could be minicases or long cases depending on the requirement), and other assigned readings. Assignments will be given to students on a regular basis after class sessions, and students would be expected to come prepared with the assignments in the next class.

4. Required Materials, Text Book , Reference Book and other required readings :

i). Text Book:

Multinational Business Finance: **Eiteman, Stonehill, Moffett and Pandey** (Tenth Edition), Pearson Education

ii). Further Readings:

A. Books :

- i. Multinational Financial Management: Shapiro (Eighth Edition), John Wiley & Sons
- ii. International Financial Management: Eun and Resnick (latest Edition), Tata McGraw-Hill
- iii. International Finance Contemporary Issues: Levi (Fourth / Third Edition), Routledge Paperback edition
- iv. International Corporate Finance: Madura (Eighth Edition), Thomson South-Western
- v. Exchange Rates and International Finance: Copeland (Fourth Edition), 2007, Pearson Education
- vi. International Financial Management: Apte (Fourth Edition), Tata McGraw Hill
- vii. Multinational Finance: Butler (Second Edition), Thomson South-Western College Publishing
- viii. International Finance: O' Brian (Second Edition), Oxford University Press

B. Handouts :

- A summary of the class discussion for each session, will be made available at the end of every class or may be before the class so that you can read it and come prepared in class.

C. Magazines and Newspapers:

[The Economic Times](#)
[Financial Express](#)
[The Economist](#)
[Bloomberg](#)
[The Wall Street Journal](#)
[The Financial Times](#)

D. Useful Links on Exchange Rates and International Finance

[Exchange Rates :](#)
[Investopedia](#)
[Finance Glossary](#)

[Articles on Finance Topics](#)
[Summarized Research Papers](#)
[Corporate Governance](#)
[Business Reference Services](#)

[NBER Working Papers on International Finance and Macroeconomics](#)
[Exchange Rate - Wikipedia](#)
[IMF World Economic Outlook](#)
[Google News Index on Exchange Rates](#)
[Bank for International Settlements](#)
[Purchasing Power Parity](#)

E. Calculator :

You will need a scientific calculator for undertaking everyday exercises in class. Please get one before the sessions start and bring the same every day in class.

4. Tentative session plan

Session	Topics to be covered	Chapter(s)
1,2,3	<ul style="list-style-type: none"> • Introduction • Exchange Rate quotations • Determination of Exchange Rates • Balance of Payments Domestic Economy and World Trade 	<ul style="list-style-type: none"> • Eun and Resnick: Chapter 5 • Eiteman et al.: Chapters 4, Shapiro: Chapter 2 • Eun and Resnick: Chapter 3 • Eiteman et al.: Chapter 3, Shapiro Chapter 5
4,5	<ul style="list-style-type: none"> • International Parity Conditions • Case/Minicase discussion 	<ul style="list-style-type: none"> • Eun and Resnick: Chapter 6 • Eiteman et al.: Chapter 6 • Shapiro: Chapter 4
6	<ul style="list-style-type: none"> • <u>Tutorial 1</u> • Numerical problem solving involving topics covered in sessions 1-5 and Case discussion 	
7	<ul style="list-style-type: none"> • Currency Forward, Futures, Option, Swap • Case/Minicase discussion 	<ul style="list-style-type: none"> • Eun and Resnick: Chapter 7 • Eiteman et al.: Chapter 5 • Apte: Chapters 9, 10 • Shapiro: 7, 8, 9
8	<ul style="list-style-type: none"> • Managing Foreign-Exchange Exposure 	<ul style="list-style-type: none"> • Eun and Resnick: Chapter 8,9,10 • Eiteman et al.: Chapter 8,9,10 • Shapiro:10, 11
9-10	<ul style="list-style-type: none"> • International Capital Budgeting • Case/Minicase discussion 	<ul style="list-style-type: none"> • Eun and Resnick: Chapter 17,18 • Shapiro : 14, 17

5) Assignment / Group Work:

Theoretical in nature: A short paper / Article on any recent topic (Max 15 pages, A4 size, 12 New Times Roman, single spaced; soft copy and/or hard copy submission on a mutually agreed date, but before the beginning of End term)

Criteria of evaluation of the assignment :

<i>Relevance of topic</i>	10 %
<i>Sources of information</i>	15 %
<i>Description of topic</i>	20 %
<i>Analysis of topic</i>	35 %
<i>Conclusion</i>	15 %
<i>Presentation / Formatting</i>	5 %

5. Evaluation Components(tentative) :

Components	Weights (%)
Quizzes	40%
End Term	40%
Class Attendance and Participation	20%

6. Class Participation (CP):

Class-participation is an integral component of the learning process. This could be comprised of attendance, response and overall positive demeanor in class. Your active participation in class is necessary, both for you and for your classmates. Your participation score will reflect the faculty's assessment of your attendance, your contributions to class discussions, and your overall positive demeanor during class.

7. Code of Ethics

To follow the Manual of Policies

8. Feedback

I request you to give continuous feedback for improvement of the course. You may form a “focus group” (consisting of 6-7 students from the class with diverse backgrounds including the CR) that continuously interacts with the other students and informs about their problems, if any, with the course so that adequate modification can be incorporated.

Welcome to the course once again!

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