



## **University of International Business and Economics**

### **Australian Summer Sessions**

### **FIN 310: International Finance**

**Term: Dec 18, 2017- Jan 8, 2018**

**Instructor: Peipei Wang**

**Home Institution: Deakin University**

**Class Hours: Monday through Friday, 160 minutes each day (2,400 minutes in total)**

**Office Hours: To be determined**

**Teaching Assistant: TBD**

**Email: TBD**

**Discussion session: 3 hours each week**

**Credit: 4 units**

#### ***Course Description:***

Both companies engaging in cross-border business and investors allocating assets globally will confront new questions and challenges beyond those found in a purely domestic market setting. This subject aims to provide fundamental knowledge in regards to manage international business and investment activities.

In the context of international finance, understanding foreign exchange rates and world capital markets, i.e., banking and money, debt and equity are crucial which are essential for conducting a sound and effective management of multinational corporations (MNCs) or investments. In this course, we will examine how a MNC's competitive position or investor's portfolio will be affected

by unexpected movements in exchange rates, the macroeconomic forces that determine exchange rates, and available financial instruments and appropriate strategies to manage their exposure to currency fluctuation.

### ***Course Goals***

1. Understand the structure and operation of the international financial system and the Eurocurrency market
2. Understand exchange rates and evaluate exchange rates as they apply to specific scenarios
3. Appraise the International Parity Relationships and apply them to forecasting exchange rates.
4. Discuss hedging strategies to reduce exposure to currency fluctuation

### ***Required Texts:***

International Financial Management (IFM), Author and Year: Cheol S. Eun and Bruce G. Resnick, 7<sup>th</sup> edition, Publisher: MCGRAW HILL AUSTRALIA

### ***Attendance: Required***

### ***Grading Policy:***

Your final grade for the course will be calculated in the following way:

Homework	25%
Middle exam	25%



Final exam	50%
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## ***Grading Scale***

Assignments and examinations will be graded according to the following grade scale:

A	80-100
B	70-79
C	60-69
D	50-59
F	below 50

## ***General Expectations:***

### **1. Reading**

I expect that you come prepared to each class. Your preparation should include reading the assigned material as well as preparing the solution for questions and case that will be discussed during a given session.

### **2. Writing**

You should use your academic writing to share your own insight with your reader. You should write in language designed to communicate your ideas clearly and simply rather than to impress and bewilder. You should copy-edit all written assignments until they conform to the conventions of modern standard English to the best of your ability.

### **3. Discussion/Participation**

Questions and Case discussions are an important part of this course. The discussions require your preparation as well as participation. At the beginning of class, you are expected to be in a position to describe the set-up of the case, the main questions at hand, the possible solutions, and the reasons why you favor one solution over another. Clearly, at times, you will not have reached a definite answer on what the “right” solution is. As long as you can express what aspects you would need to understand better or what additional information you would need to obtain, this is absolutely acceptable.

### ***Course Schedule:***

Reading assignments should be completed by class-time on the date at which they are listed. Make sure that you bring all readings to class.

#### **Unit 1:**

Monday, Dec 19: Globalization and the Multinational Firm and the International Monetary System (IFM Chapter 1 and 2)

Tuesday, Dec 20: Balance of Payments (IFM Chapter 3)

#### **Unit 2:**

Wednesday, Dec 21: The Market for Exchange Rate (IFM Chapter 5)

Thursday, Dec 22: The Market for Exchange Rate, cont'd (IFM Chapter 5)

Friday, Dec 23: Interest Parity Relationship and Forecasting (IFM Chapter 6)

Monday, Dec 26: Interest Parity Relationship and Forecasting, cont'd (IFM Chapter 6)

**Unit 3:**

Tuesday, Dec 27: Foreign Exchange Exposure and Management (IFM Chapter 8 and 9)

**Unit 4:**

Wednesday, Dec 28: International Banking and Money Market (IFM Chapter 11)

Thursday, Dec 29: International Bond Market (IFM Chapter 12)

Friday, Dec 30: International Equity Market (IFM Chapter 13)

Tuesday, Jan 3: International Portfolio Investment (IFM Chapter 15)

**Unit 5:**

Wednesday, Jan 4: Futures and Options on Foreign Exchange (IFM Chapter 7)

Thursday, Jan 5: Interest Rate and Currency Swaps (IFM Chapter 14)

**Unit 6:**

Friday, Jan 6: Foreign Direct Investment and Cross-Border Acquisitions (IFM Chapter  
16)

Monday, Jan 9: International Capital Structure and Cost of Capital (IFM Chapter 17)