

FIN4235 International Financial Management

Code

FIN4235

Title

International Financial Management

Prerequisites

FIN3121, FIN3101

Credits

3

Description

This course is structured to cover the principles and applications of finance in an international context. The course intends to provide you with a basic understanding of international financial management and will cover the chapters on the international flow of funds, international financial markets, determination of exchange rate, currency derivatives, interest rate parity and international arbitrage, relationship among inflation, interest rates and exchange rates, forecasting exchange rates, measuring exchange rate exposure to exchange rate fluctuations, and multinational capital budgeting. The course provides you with an understanding of how to make optimal economic and financial decisions under the auspices of international conditions and various international exposures.

Outcomes

Students should be able to: Demonstrate understanding of fundamentals of international financial management Demonstrate understanding of foreign exchange market and exchange rates Demonstrate understanding of how to use foreign exchange derivatives and other techniques to manage foreign exchange exposures of firms Demonstrate 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

Assessment

60 % -first and second assessments

40 % -final assessment

Tentative course outline

Week1

Introduction

Week2

Introduction Globalization and the Multinational Firm International Finance, Foreign Exchange, Political Risks, Multinational Corporations

Week3

Balance of Payment and Corporate Governance Current account, capital account, BOP trends, BoDs, concentrated ownership, capital market and evaluation

Week4

The Market of Foreign Exchange FX markets, Forward markets, Spot market, Arbitrage,

Week5

International Parity Relationships and Forecasting Foreign Exchange Rates Interest rate parity, Purchasing power parity, Fisher effects, Forecasting exchange rates

Week6

Futures and Options on Foreign Exchange Future contract, Future markets, Currency options markets

Week7

Management of Transaction Exposure Hedging, Forward Market Hedge, Money Market Hedge, Options Market Hedge,

Week8

Mid-term Exam 1

Week9

Management of Economic and Translation Exposure Measuring and managing economic and operating exposures, Translation methods, IAS, Management of translations exposure

Week10

International Banking and Money Market International banking services, reasons, types of international banking offices, global financial crisis

Week11

International Bond Market & International Equity Market World bond market, types of instruments, primary and secondary markets, International Equity Market Benchmarks, iShares MSCI, Factors Affecting International Equity Returns, Macroeconomic Factors, Exchange Rates,

Industrial Structure

Week12

Interest Rate & Currency Swaps Interest rate swaps, currency swaps,

Week13

Mid-term exam 2

Week14

International Portfolio Investment Diversification, portfolio, diversification through hedge fund and bonds

Week15

Foreign Direct Investment and Cross-Border Acquisitions Trade barriers, mergers, acquisitions, political risks and FDI,