

# FIN4235 International Financial Management

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**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,