University of Florida
Warrington College of Business
International Finance, Fall 2016

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Required Text:

  - Course packet

Course Description:

This course is designed to provide an introduction to international finance. In particular, this course covers features that distinguish international finance from domestic finance, foreign exchange foundations, markets and determination, international financial markets, international investments, and foreign exchange and political risk exposure and management. The emphasis in this course is on economic and financial principles as well as institutional features. These financial principles and institutional features are both relevant and useful for individuals who operate in our increasingly competitive and global economy. Given the nature of the topics covered and accompanying course assignments, this course has significant analytical, quantitative, and writing components throughout.
Course Requirements and Evaluation:

All readings in the attached course outline are required. The course lectures also provide coverage of some key concepts and supplemental issues. The lectures are generally broad in scope, with the course readings and assignments covering specific details. Taken together, the course readings, lectures, and assignments serve as a strong foundation for understanding international finance.

There is a total of 1,015 possible points that can be earned during the term. These points are distributed among three group homework assignments, one group project (with two incremental submissions and a final submission), a final exam, course special topics bulletin board participation throughout the term, and three online extra credit quizzes. The three group homework assignments are worth 100 points each, for a total of 300 possible points. The group project is worth 300 points, which is broken down into 20 points for the first group project related submission (i.e., detailed outline), 40 points for the second group project related submission (i.e., complete rough draft), and 240 points for the final group project submission. The final exam is worth 300 points. The course special topics bulletin board participation is worth 100 points. The three online extra credit quizzes are worth a maximum of 5 points each, for a total of 15 possible points. Please note that these are the only extra credit points that can be earned during the term. The group homework assignments, course lecture material, readings, and quizzes should assist you in preparing for the final exam. The group homework assignments will consist of some end-of-chapter problems from the course text, additional supplemental problems, and cases. Note that your group homework assignment and group project grades will also be determined by your group members’ evaluation of your contribution (please see the group evaluation grade information section on the next page for details).

Final course grades will be based on the following accumulative point scale:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Accumulative Course Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>925 and above</td>
</tr>
<tr>
<td>A-</td>
<td>900 – 924</td>
</tr>
<tr>
<td>B+</td>
<td>890 - 899</td>
</tr>
<tr>
<td>B</td>
<td>825 - 889</td>
</tr>
<tr>
<td>B-</td>
<td>800 – 824</td>
</tr>
<tr>
<td>C+</td>
<td>790 - 799</td>
</tr>
<tr>
<td>C</td>
<td>725 - 789</td>
</tr>
<tr>
<td>C-</td>
<td>700 – 724</td>
</tr>
<tr>
<td>D+</td>
<td>690 - 699</td>
</tr>
<tr>
<td>D</td>
<td>625 - 689</td>
</tr>
<tr>
<td>D-</td>
<td>600 - 624</td>
</tr>
<tr>
<td>F</td>
<td>0 - 599</td>
</tr>
</tbody>
</table>
Late Submission Policy:
Late submission of course material will be penalized as follows:

1-day late: -20% of grade
2-days late: -30% of grade
3-days late: -40% of grade
4+ days late: -100% of grade (zero for the assignment)

Please notify me well in advance if there are any extremely extenuating circumstances.

Group Evaluation Grades:
Part of your group assignment grades (both group homework assignments and project) will be determined by your group members’ evaluation of your contribution. In particular, during the final class meeting, each group member will fill out a group member evaluation form. Each group member will be evaluated on a contribution scale from 1-5, with 5 being the highest. Based on the group member evaluations, the group work portions of your grade will be adjusted accordingly. That is, based on your average evaluation, your group assignment scores (both total group homework assignment score and total group project score) will be adjusted according to the following scale:

<table>
<thead>
<tr>
<th>Group Evaluation of Contribution</th>
<th>% of Group Score Earned by Group Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>100%</td>
</tr>
<tr>
<td>4</td>
<td>90%</td>
</tr>
<tr>
<td>3</td>
<td>80%</td>
</tr>
<tr>
<td>2</td>
<td>50%</td>
</tr>
<tr>
<td>1</td>
<td>0% (see note below)</td>
</tr>
</tbody>
</table>

Note: If your contribution score is below 2, you will earn a failing grade in the course.

Online Extra Credit Quizzes:
There are three online extra credit quizzes that will be accessible during portions of the term. These quizzes are not group quizzes. To receive any credit, these quizzes must be done individually. Each of the quizzes will cover the chapters corresponding to each of the group HW assignments. There are 20 multiple choice questions for each quiz, you have 2 hours to complete each quiz, and you can use your book/notes during the quiz. Each quiz will be worth a maximum of 5 points, for a total of 15 possible extra credit points. These points will be added to your accumulative course points at the end of the term. Please note that these are the only extra credit points that you can earn during the term. For each quiz, the extra credit points that you earn will be determined as follows:

<table>
<thead>
<tr>
<th>% Correct Answers on Quiz</th>
<th>Points Earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>90% and greater</td>
<td>5</td>
</tr>
<tr>
<td>80-89%</td>
<td>4</td>
</tr>
<tr>
<td>70-79%</td>
<td>3</td>
</tr>
<tr>
<td>60-69%</td>
<td>2</td>
</tr>
<tr>
<td>50-59%</td>
<td>1</td>
</tr>
<tr>
<td>Below 50%</td>
<td>0</td>
</tr>
</tbody>
</table>
Course Assignment Due Dates:

Please note that all the due date times below correspond to Eastern Standard Time in the U.S.

Group Homework Assignments (300 points total; 100 points each):

- HW # 1: Saturday, September 17th by midnight
- HW # 2: Saturday, October 22nd by midnight
- HW # 3: Saturday, November 26th by midnight

Group Project (300 points total; incremental points detailed below):

- PRJ #1 (detailed outline of project): Saturday, September 17th by midnight (20 points) – note that this is due with HW #1
- PRJ #2 (complete rough draft of project): Saturday, October 22nd by midnight (40 points) – note that this is due with HW #2
- PRJ #3 (Final Project Manuscript): Saturday, November 26th by midnight (240 points) – note that this is due with HW #3

Final Exam (300 points):

- Saturday, December 3rd (during final class session)

Special Topics Bulletin Board (100 points):

- Throughout the term – closes on Saturday, November 26th at midnight

Online Extra Credit Quizzes (5 points each):

1. Opens on August 14th and closes on Saturday, September 17th at midnight
2. Opens on September 18th and closes on Saturday, October 22nd at midnight
3. Opens on October 23rd and closes on Saturday, November 26th at midnight
Brief Description of Group Project:

There is one large group project during the term. The project consists of either a country investment or company international expansion report. In either case, you are required to first provide some background discussion of your selected country, and then an analysis of the country’s political environment, economic environment, and capital markets. For the country investment analysis report, you need to follow the above analyses with a detailed analysis and discussion of specific investment prospects and opportunities in the particular country. Alternatively, for the company international expansion report, you need to follow the above analyses with a detailed analysis and discussion of specific company prospects and opportunities for a particular firm (or group of firms) in the selected country. For further details on the project, please see the comprehensive country analysis project document describing the project.

Discussion Boards:

There are two main class discussion bulletin boards accessible during portions of the term: an assignment help board and a special topics board. The assignment help bulletin board is accessible during each of the course group assignments and should be utilized to clarify group oriented assignment questions. Group assignment clarification questions should be first discussed within each group and then on the assignment help board if necessary. I will respond to assignment help bulletin board questions within 48 hours, though often much sooner.

During the term, I will also post some current event and related current course topic issues on the special topics discussion bulletin board. Discussions on the special topics bulletin board will last for approximately two weeks, though not necessarily two weeks for every topic. Note that participation in the course special topics bulletin board is worth 100 points of your final course grade. The special topics bulletin board will close on Saturday, November 26th at midnight. The final course points that you earn for the special topics bulletin board will be determined by your meaningful participation throughout the term (i.e., you should submit 1 or more on topic and substantive posts per week throughout the term – not a single post per topic, but rather at least one post per week). Your post can be a new thread or a follow-on response to one of your cohort’s posts. New and responding threads are weighted exactly the same. Once the board is closed, it cannot be reopened.

Additional Office Hours: In addition to the bulletin board discussions, I can be reached via phone or by email.
Other Miscellaneous University Issues:

1. Document Retention Policy:
   Student course material will be retained for three weeks beyond the end of the term.

2. Accommodations for students with disabilities:
   "Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the Instructor when requesting accommodation."

3. The University’s Student Honor and Conduct Codes:
   All students are required to abide by the Student Honor Code and Student Conduct Code set forth in the University of Florida Regulations (4.040) - 6C1-4 Student Affairs, 6Cl-4.041 Student Affairs: Academic Honesty Guidelines (e.g., cheating, plagiarism, consultation…). The following website contains some details covering the above issues: [http://regulations.ufl.edu/chapter4/4040.pdf](http://regulations.ufl.edu/chapter4/4040.pdf).

Regrade Policy:

To insure that all students are treated equally and fairly in the grading process, each student must follow the regrade policy below if they want their grade reconsidered. Please note that for me to reconsider your grade, you must provide me with the following material within 2-weeks of when the assignment was returned (within 2-weeks of the end of the term for the course exam and other end-of-term submitted material).

If you believe that your course points were **incorrectly summed**, please do the following:
   1. Turn in *all* of your graded course material with corresponding points.
   2. Clearly show me in writing where you believe the summation error has occurred.

If you believe that you received **incorrect credit** for a particular portion of your graded material, please do the following:
   1. Turn in *all* of your graded course material with corresponding points.
   2. Provide me with a *clear*, type-written case (along with *very strong* supporting documentation) that *clearly* shows me why you believe that you received insufficient credit. Please note that you only have *1 opportunity* to make your case – so make it as clear and strong as possible. Note that all regrades are based off of your earned points. Any final course adjustment points will not be included in a regrade. Also, please note that non-sense cases can result in your course grade being downgraded once all of your graded course material has been re-evaluated.
Course Overview

Module 1: Introduction to International Finance

Module 2: Foreign Exchange Foundations, Markets, and Determination

Module 3: International Financial Markets and Investments

Module 4: Foreign Exchange Exposure and Management
Detailed Course Outline

**August 14th – August 20th: Week 1**

**Module 1: Introduction to International Finance**

*Module #1 Introduction Lecture: Introduction_International_Finance*

I. Overview of International Finance
   
   *Lecture: Overview_International_Finance*
   *Eun and Resnick: Chapter 1*
   *Harvard Note: Country Analysis in a “Global Village”*
   *Case Lecture -- Harvard Case Introduction: Brazil: Embracing Globalization*  
   *(Case Intro Brazil)*
   *Harvard Case: Brazil: Embracing Globalization*

II. Corporate Governance Issues
   
   *Lecture: Corp_Gov_Issues*
   *Eun and Resnick: Chapter 4*
   *Video Segment #1: Edelman*

**August 21st – August 27th: Week 2**

**Module 2: Foreign Exchange Foundations, Markets, and Determination**

*Module #2 Introduction Lecture: Intro_FX_Foundations*

I. The International Monetary System
   
   *Lecture: The_International_Monetary_System*
   *Eun and Resnick: Chapter 2*
   *Harvard Note: Exchange Rate Regimes*
   *Video Segment #2: Banking on the Euro*
   *Video Segment #3: Mexican Crisis*
   *Video Segment #4: Asian Crisis Part I*
   *Video Segment #5: Asian Crisis Part II*

**August 28th – September 3rd: Week 3**

II. Balance of Payments
   
   *Lecture: Balance_of_Payments*
   *Eun and Resnick: Chapter 3*
September 4th – September 10th: Week 4

III. The Foreign Exchange Market
   Lecture: FX_Market
   Eun and Resnick: Chapter 5
   Harvard Note: Foreign Exchange Markets and Transactions

September 11th – September 17th: Week 5

IV. Foreign Exchange Rate Parity Relations and Determination
   Lecture: FX_Rate_Parity
   Eun and Resnick: Chapter 6
   Video Segment #6: Economic Depression and Macroeconomics
   Video Segment #7: Hyperinflation
   Video Segment #8: Stagflation
   Video Segment #9: Reagan and Volcker
   Video Segment #10: Greenspan

HW #1 and Course Project (PRJ #1) Assignments Due:
   • 1st Group Homework Assignment (HW #1) Due Sat., September 17th by midnight
   • Detailed Outline of Course Project (PRJ #1) Due Sat., September 17th by midnight

September 18th – September 24th: Week 6

Module 3: International Financial Markets and Investments

Module #3 Introduction Lecture: Intro_Int_Finance_Markets

I. International Banking and Money Market
   Lecture: Int_Banking_Money_Markets
   Eun and Resnick: Chapter 11
   Video Segment #11: Medley
   Video Segment #12: Glossman

September 25th – October 1st: Week 7

II. International Bond Markets
   Lecture: Int_Bond_Markets
   Eun and Resnick: Chapter 12
   Case Lecture -- CABC Case Introduction: Mortgage Securitisation in Hong Kong and Asia
   (Case Intro Mort Sec Hong Kong Asia)
   CABC Case: Mortgage Securitisation in Hong Kong and Asia
October 2nd – October 8th: Week 8

III. International Equity Markets
   Lecture: Int_Equity_Markets
   Eun and Resnick: Chapter 13
   Ivey Case: Huaneng Power International Inc.: Raising Capital in Global Markets

October 9th – October 15th: Week 9

IV. International Portfolio Investments
   Lecture: Int_Investments
   Eun and Resnick: Chapter 15
   Video Segment #13: New Economy
   Video Segment #14: Siegle and Bubble

October 16th – October 22nd: Week 10

V. Foreign Direct Investment
   Lecture: Foreign_Direct_Investment
   Eun and Resnick: Chapter 16
   Video Segment #15: Protectionism
   Video Segment #16: China and the Tigers

HW #2 and Course Project (PRJ #2) Assignments Due:
- 2nd Group Homework Assignment (HW #2) Due Sat., Oct. 22nd by midnight
- Complete Rough Draft of Course Project (PRJ #2) Due Sat., Oct. 22nd by midnight

October 23rd – October 29th: Week 11

Module 4: Foreign Exchange Exposure and Management

Module #4 Introduction Lecture: Intro_FX_Exposure_Man

I. Foreign Exchange Futures and Options
   Lecture: FX_Futures_Options
   Eun and Resnick: Review Forward Markets in Chapter 5
   Eun and Resnick: Chapter 7
October 30th – November 5th: Week 12

II. Currency and Interest Rate Swaps
Lecture: Currency_Interest_Rate_Swaps
Eun and Resnick: Chapter 14
Case Lecture -- Harvard Case Introduction: The Walt Disney Company’s Yen Financing (Case Intro Disney)
Harvard Case: The Walt Disney Company’s Yen Financing

November 6th – November 12th: Week 13

III. Foreign Exchange Transaction Exposure
Lecture: FX_Transaction_Exposure
Eun and Resnick: Chapter 8

November 13th – November 19th: Week 14

IV. Foreign Exchange Economic Exposure
Lecture: FX_Exchange_Econ_Exposure
Eun and Resnick: Chapter 9
Case Lecture -- Harvard Case Introduction: Foreign Exchange Hedging Strategies at General Motors: Competitive Exposures (Case Intro FX Hedging GM)
Harvard Case: Foreign Exchange Hedging Strategies at General Motors: Competitive Exposures
Video Segment #17: Ford
Video Segment #18: Kodak

November 20th – November 26th: Week 15

V. Foreign Exchange Translation Exposure
Lecture: FX_Translation_Exposure
Eun and Resnick: Chapter 10

HW #3 and Final Course Project (PRJ #3) Assignments Due:

• 3rd Group Homework Assignment (HW #3) Due Saturday, Nov. 26th by midnight
• Final Course Project Manuscript (PRJ #3) Due Saturday, Nov. 26th by midnight

November 27th – December 3rd: Week 16

I. Course Exam: Finish Preparing for the Course Exam

Final Exam:

• Final Exam in class on Saturday, December 3rd (during final class meeting)