

FIN 6638 International Finance

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Course Description:

This course is designed to provide an introduction to international finance. In particular, this course will cover foreign exchange markets, international capital markets, international investing, and international trade and risk management issues. The emphasis will be 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.

Required Text:

1. Bruno Solnik and Dennis McLeavey, *International Investments*, 2004 (5th Edition)
2. Some class handouts will be distributed throughout the term.
3. Class lecture notes can be obtained at: [Http://www.cba.ufl.edu/classes/](http://www.cba.ufl.edu/classes/)

Course Requirements and Evaluation:

All readings in the attached course outline are required. These reading assignments will serve as *background* material for the lectures and should be read prior to the class meetings. Class attendance and accompanying participation are therefore critical components of the course. Taken together, the course readings, lectures, and assignments serve as a strong foundation for understanding international finance. There will be a total of 1,000 possible points that can be earned during the term. These points are distributed among a group project, two homework assignments, a final exam, and classroom participation (which also includes some in and out of class assignments). The group project is worth 400 points, the homework assignments are worth 100 points each (for a total of 200 points), and the final exam is worth 300 points. Classroom participation is worth a total of 100 points and will be determined by relevant and meaningful classroom participation during the course lectures and other assignments. The course lecture material, readings, group homework assignments and project will also be useful in helping to prepare you for the final exam.

Brief Description of Group Project:

There is one large group project during the term. The project consists of *either* a country investment *or* company analysis 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* analysis 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 handout describing the project.

Course Outline

Part 1: Review of Essential Statistical Tools

I. Descriptive Statistics, Regression Analysis and Hypothesis Testing

Handout

Part 2: Foreign Exchange Markets

I. The International Monetary System

Solnik and McLeavey: pgs. 92-99

II. The Foreign Exchange Market

Solnik and McLeavey: Chapter 1

III. Foreign Exchange Parity Relations

Solnik and McLeavey: Chapter 2

IV. Exchange Rate Behavior and Forecasting

Solnik and McLeavey: Chapter 3

Part 3: International Capital Markets

II. International Equity Markets and Investing

Solnik and McLeavey: Chapters 9, 4, 5, 6, and 12

I. International Fixed-Income Markets

Solnik and McLeavey: Chapter 7

Part 4: International Trade and Risk Management Issues

I. International Trade and Risk Management Issues

Lecture Handout