

# Course Syllabus

## Course 454/554, International Finance, Fall 2010

Course meeting time: Monday, Wednesday, and Friday 1-1:50pm

Classroom: Buckman 212

Faculty: **Brian L. Jones**, Assistant Professor

Office: **239C Buckman**

Office Hours: **M/W 11:00 till 1:00**

Email: [bjones@rhodes.edu](mailto:bjones@rhodes.edu)

Office Phone: **843-3863** (the Departmental Assistant will transfer you)

### I. Orientation:

International Finance is a field of growing excitement and importance. Newspaper headlines are frequently dominated by such international financial issues as weak dollar, rising euro, and undervalued Chinese currency. A knowledge and understanding of these topics and related issues are vital to those who are interested in a career related to international business, banking and finance.

In this course we will be concerned primarily with (1) the understanding of business environment in which these multinational corporations operate, and (2) the development and discussion of various analytical concepts and tools useful for the financial management of these firms.

In our study it is important that the student acquires a sense of how financial analysis becomes adjusted to the changing problems of the time and how the nature of financial analysis is influenced by the growth of information and the improvement of technology. The world in which we live is dynamic and so are financial theory and methods of financial analysis.

The basic concepts, principles, and techniques of financial analysis are inter-related; if you allow a vacuum to develop in any area of our study, it will be an analytical void difficult to fill through cramming at the last minute.

**II. Text:** Jeff Madura, *International Financial Management*, 10<sup>th</sup> Edition, Thompson Publishers. This textbook is required and without it a student will have a hard time passing the course.

*The Financial Times* is also required. Take advantage of the publishers' deep discounts designed to "hook" you for your future subscription at a regular corporate rate which may be paid for by your employer.

This course will also access the internet for content periodically, and links and articles will be assigned.

*The Wall Street Journal* is Optional.

### III. Course Administration and Procedures:

The course syllabus, lectures, and problem answers are downloadable online from my public folder . Students are expected to stay current in their reading assignments.

**Prerequisites:** It is your responsibility to make sure that you are in full compliance with the prerequisite course requirements to this course. You must advise the instructor prior to the first day of class in case you are not in full compliance.

**Email protocol:** (i) All emails will be sent only to the campus email address. Technology allows you to reroute your mail. (ii) Make sure that your storage quotas are sufficient at both the primary and secondary servers in case you reroute. (iii) email inquiries for class schedule, assignment or grade will not be answered. My primary communication with students is through email.

**Tape-recorders, Cell Phones, Laptops, PDA's, and Calculators:** Tape-recorders are allowed in class if you tell me ahead of time and keep them quiet. Cellular phones/pagers must be turned off in class. Laptops, PDA's and calculators are allowed in class but they are disallowed during exam periods except for one *pocket-sized calculator*. ***You are responsible for knowing your own financial calculator.*** No iPhone or other phone with calculator function is allowed during exam.

**Cheating:** I am a more honest person than average and strongly support the Rhodes honor code. I expect the same from the students in my class.

**All Grade Scores:** A 93-100, A- 90-92, B+ 87-89, B 83-86, B- 80-82, C+ 77-79, C 73-76, C- 70-72, D+ 67-69, D 63-66, D- 59-62, F Below 58.

**Grade summary:** *See separate undergraduate and graduate sections for details*

	<u>Undergrads</u>	<u>Masters</u>
<b>Exam1</b>	<b>20%</b>	<b>15%</b>
<b>Exam2</b>	<b>20%</b>	<b>15%</b>
<b>Exam3</b>	<b>20%</b>	<b>15%</b>
<b>Exam4</b>	<b>20%</b>	<b>15%</b>
<b>Participation/quizzes</b>	<b>10%</b>	<b>10%</b>
<b>Attendance</b>	<b>10%</b>	<b>0%</b>
<b>Projects</b>	<b><u>0%</u></b>	<b><u>30%</u></b>
	<b>100%</b>	<b>100%</b>

### **III. A. Undergraduate students**

**Grades:** Will be based on 4 exams, attendance, participation, and possibly optional quizzes. Each exam is worth 20% of your grade. Attendance is worth 10% and participation plus quizzes (if any) will be worth 10% combined.

**Exams:** Each exam is based roughly on 5 chapters of the course and worth 20% of your grade. They can be any combination of multiple choice, True/false, essay and problems. The final exam is not comprehensive and weighs the same as any other exam. If the median undergraduate score on any exam is less than 70% I will curve it upwards for the undergraduates. Graduate and undergraduate students will have a separate curve. *Missed exams are unlikely to be allowed a makeup without prior permission or a very valid written excuse.*

**Attendance:** I will take attendance during class either by calling roll or passing around an attendance sheet. Your grade on attendance will be a straight percentage of the classes attended divided by classes held. Overall it is worth 10%. *Missing class does reflect negatively in your grade and it is common every semester for some students to underestimate this impact.*

**Participation and pop quizzes:** Combined 10% of your grade is in this category; however you may or may not take any pop quizzes. I reserve the right to give the class anywhere from zero to 5 pop quizzes during the semester. If given, each quiz will be worth 1% , so up to 5% of your grade could be based on quizzes. Each quiz subtracts its value from participation. Quizzes may be the first thing done in class, can have no warning, and will have no make ups. Participation is maximized by being attentive in class, showing a desire to learn, and obviously working hard towards success. Test scores do not in and of themselves guarantee a particular score.

### III. B: Graduate students

**Grades:** Will be based on 4 exams, projects, attendance, participation, and possibly optional quizzes. Each exam is worth 15% of your grade. Attendance, participation and quizzes (if any) will be worth 10% combined. Projects will be worth 30% of your grade.

**Exams:** Each exam is based roughly on 5 chapters of the course and worth 15% of your grade. They can be any combination of multiple choice, True/false, essay and problems. The final exam is not comprehensive and weighs the same as any other exam. If the median score for the graduate students on any exam is less than 70% I will curve the exam. Graduate and undergraduate students will have a separate curve. *Missed exams are unlikely to be allowed a makeup without prior permission or a very valid written excuse.*

I will take attendance during class either by calling roll or passing around an attendance sheet. Your grade on attendance will be a straight percentage of the classes attended divided by classes held. Overall it is worth 10%. *Missing class does reflect negatively in your grade and it is common every semester for some students to underestimate this impact.*

**Projects:** 30% of your grade will come from additional projects and assignments. I will present more detail on the projects later.

**Attendance, Participation and pop quizzes:** Combined 10% of your grade is in this category; however you may or may not take any pop quizzes. I reserve the right to give the class anywhere from zero to 5 pop quizzes during the semester. If given, each quiz will be worth 1%, so up to 5% of your grade could be based on quizzes. Each quiz subtracts its value from the combined attendance participation percentage. For example: if I give 2 quizzes then they will be worth 2% and participation and attendance only 8%. Quizzes may be the first thing done in class, can have no warning, and will have no make ups. Participation is maximized by being attentive in class, showing a desire to learn, and obviously working hard towards success. Test scores do not in and of themselves guarantee a particular score in participation.

## IV. Course Calendar F2010 (subject to change at anytime)

International Finance fall 2010

<u>Week</u>	<u>Date</u>	<u>Chapters or exams</u>	<u>Subject</u>
1	25-Aug	Introductions	<b>Syllabus and attendance</b>
1	27-Aug	1	Multinational Financial Management: An Overview
2	30-Aug	1,2	International Flow of Funds
2	1-Sep	2	"
2	3-Sep	3	International Financial Markets
3	6-Sep	<i>Labor day</i>	
3	8-Sep	3,4	Exchange Rate Determination
3	10-Sep	4	"
4	13-Sep	5	Currency Derivatives
4	15-Sep	5, 5A	Currency Option Pricing
4	17-Sep	5A,B	Currency Option Combinations
5	20-Sep	<b>Exam 1</b>	Chapters 1,2,3,4,5,5A,5B plus articles, discussions and links
5	22-Sep	6	Government Influence on Exchange Rates
5	24-Sep	6	"
6	27-Sep	6	"
6	29-Sep	7	International Arbitrage and Interest Rate Parity
6	1-Oct	7,8	Relationships Among Inflation, Interest Rates, & Exchange Rates
7	4-Oct	8	"
7	6-Oct	9	Forecasting Exchange Rates
7	8-Oct	9,10	Measuring Exposure to Exchange Rate Fluctuations
8	11-Oct	10	"
8	13-Oct	<b>Exam 2</b>	Chapters 6,7,8,9,10, plus articles, discussions and links
8	15-Oct	<i>Fall Break</i>	
9	18-Oct	<i>Fall Break</i>	
9	20-Oct	11	Managing Transaction Exposure
9	22-Oct	11,12	Managing Economic and Translation Exposure
10	25-Oct	12	"
10	27-Oct	13	Direct Foreign Investment
10	29-Oct	13,14	Multinational Capital Budgeting
11	1-Nov	14	"
11	3-Nov	14,15	International Corporate Governance and Control
11	5-Nov	15	"
12	8-Nov	15	"
12	10-Nov	<b>Exam 3</b>	Chapters 11,12,13,14,15 plus articles, discussions and links
12	12-Nov	16	Country Risk Analysis
13	15-Nov	16	"
13	17-Nov	17	Multinational Cost of Capital and Capital Structure
13	19-Nov	17	
14	22-Nov	17	"

14	<b>24-Nov</b>	<i>Thanksgiving Break</i>	
14	<b>26-Nov</b>	<i>Thanksgiving Break</i>	
15	<b>29-Nov</b>	<b>19</b>	Financing International Trade
15	<b>1-Dec</b>	<b>19</b>	"
15	<b>3-Dec</b>	<b>20</b>	Short-Term Financing
16	<b>6-Dec</b>	<b>21</b>	International Cash Management
16	<b>8-Dec</b>	<b>review day</b>	
	10-Dec	<b><u>Final Exam @5:30</u></b>	Chapters 16,17,19,20,21 plus articles, discussions and links