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BUS 454-01, International Finance, Fall 2012

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Authors	Planchon, Jade
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**Business 454 – International Finance
Fall 2012**

Instructor: Jade Planchon
Office: 317 Buckman
Phone: 901-843-3983 (office)
901-262-5450 (cell)
Email: planchonja@rhodes.edu
Office Hours: Monday 1:00pm – 3:00pm, Wednesday 10:00am – 12:00pm, after class or by arrangement with the professor.

Required Text: *International Financial Management*, by Jeff Madura, 11th Edition.

Required Reading: *Boomerang: Travels in the New Third World*, by Michael Lewis (ISBN-10: 0393081818)

Selected cases must be purchased from Harvard Business School on line. Each student is responsible for purchasing her/his copy of the cases used in the course. Instructions of how to make this purchase will be provided in class.

Daily Reading: Wall Street Journal and/or Financial Times

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

Prerequisites: Business 351

Course Objectives:

1. To introduce you to international economic history, the current international environment and the relevant international theories describing foreign exchange rate determination.
2. To describe international capital markets, particularly focusing on the rapid global integration of money and capital markets.
3. To learn how multinational financial managers apply the theories of finance within the international environment.
4. To expose you to futures markets and options markets in foreign exchange.
5. To expose you to contemporary issues which relate directly to international finance.

Grading:

The grading scale is as follows: 97-100, A+; 93-96, A; 90-92, A-; 87-89, B+; 83-86, B; 80-82, B-; 77-79, C+; 73-76, C; 70-72, C-; 67-69, D+; 63-66, D; 60-62, D-; <60, F.

Grades will be calculated using the following weights:

Midterm	25%
Final	35%
Attendance & Participation	10%
Problem Sets & Case Study Write-Ups	10%
Investing Project	20%
Total	100%

Exams: There will be a midterm and final exam, each covering a major portion of material. These tests will consist of multiple choice questions, problems and essays. Tests will cover the chapters in the textbook, the lectures on those chapters, and any outside material assigned.

The exam dates are indicated in the course schedule. See your syllabus. If, for some reason you cannot avoid missing an exam, or if an emergency arises, contact me as soon as possible. If you miss the midterm (with a valid excuse), I reserve the right to refuse a make-up, and increase the weight of the comprehensive final accordingly.

International Investing Project: The project will involve handing in a final deliverable and presenting your results to the class. Project will be done in a team format. Consult appendix D, page 677, of the text. I will add additional information to the text by the second class. Teams will consist of three students and be decided on by the second class.

Problem Sets & Case Study Write-Ups: I will assign certain problems from the back of the chapter in the textbook or provide a handout of questions. Additionally, students will be responsible for two case study write-ups. I will review what is expected for the write-ups the class before the case is due.

You may complete the problem sets and case study write-ups individually or with the same group you have selected for the Investing Project.

Assignments are due at the beginning of class. No late work will be accepted.

Attendance & Participation: 10% of your course evaluation will be based on your classroom performance. Students are required to attend class and actively participate. Attendance is mandatory as the course materials are challenging and some may not be covered by the required reading assignments. Students are expected to actively participate in class discussion and ask questions. Communicating ideas is an important part of a business professional's job, and debating among peers can often foster a more conducive learning environment.

If you are absent from class due to illness or other excusable reason, you must provide me an explanation of the absence. Always follow up with an e-mail explanation so I will have a record. Whenever possible, this explanation should be given prior to the absence so your work may be continued with minimal interruption. An absence for which an excuse is not given or not accepted is an unexcused absence. It is the responsibility of the student to determine what makeup work is to be submitted whether the absence is excused or unexcused.

Being Late to Class: I expect that you will come on time to class and stay for the full lecture. In addition to emailing me an explanation for any absences, please send me an email prior to the start of class if you plan to arrive late or leave early due to a special circumstance. This will allow us to make arrangements that minimize disruptions to the class.

Laptop Policy: Unless approved by the instructor, laptops are not allowed during class time.

Disability Services: If you have a documented disability and wish to receive academic accommodations, please contact the Office of Student Disability Services at x3885 as soon as possible. Anyone who has received documentation through Disability Services and needs accommodations for testing should let me know well before the first exam. It is your responsibility to email me at least three days before each exam so that we can work with the departmental assistant to schedule any accommodations.

Honor Code: Any student found in violation of the Honor Code for conduct in this course may be assessed a penalty by me, up to and including failure of the course.

During class, your cell phone must remain off and stored out of sight. If your cell phone is out during a quiz or exam, I reserve the right to report a grade of "F" for the assignment and submit your name to the Honor Council for further investigation.

Course Outline: The following is a tentative schedule of material to be covered during the semester. This schedule is subject to change by the instructor.

Tentative Course Schedule:

Date	Topic	Reading Assignment	Due
8/27	Review of Course & Introduction to International Finance Multinational Financial Management	Ch. 1	
9/3	NO CLASS - Labor Day Holiday		
9/10	International Flow of Funds	Ch. 2	
	Exchange Rate Determination	Ch. 4	
9/17	Currency Derivatives	Ch. 5	
9/24	Government Influence on Exchange Rates	Ch. 6	Problem Set #1
	International Arbitrage & Interest Rate Parity	Ch. 7	
10/1	Relationships Among Inflation, Interest Rates, & Exchange Rates	Ch. 8	
	CASE STUDY: Groupe Ariel S.A.: Parity Conditions and Cross-Border Valuation	Case	Case Study Write-up
10/8	Midterm Exam		
10/12-10/16	NO CLASS - Fall Recess		
10/22	Forecasting Exchange Rates	Ch. 9	
	Measuring Exposure to Exchange Rate Fluctuations	Ch. 10	
10/29	Managing Transaction Exposure	Ch. 11	
	Managing Economic Exposure & Translation Exposure	Ch. 12	
11/5	CASE STUDY: Hedging Currency Risks at AIFS	Case	Case Study Write-up
	Direct Foreign Investment	Ch. 13	
11/12	Multinational Capital Budgeting	Ch. 14	
11/19	European Debt Crisis	Boomerang Ch. 1, 2 & 3	
11/21-11/25	NO CLASS - Thanksgiving Break		
11/26	European Debt Crisis	Boomerang Ch. 4 & 5	
	Review for Exam		Problem Set #2
12/3	Project Presentations		
12/12	Final Exam @ 8:30am		