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BUS 454-01, International Finance, Fall 2011

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Publisher	Memphis, Tenn. : Rhodes College
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Link to Item	http://hdl.handle.net/10267/11224

Course Syllabus

Course 454, International Finance, Fall 2011

Course meeting time: Monday 4:00-6:30

Classroom: Buckman 108

CRN :12158

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

Office: **I have no office**

Office Hours: **M 2:00 till 4:00**, after class, or by arrangement with the professor. Will be held in 310 Buckman, the classroom, or where arranged.

Email: **bjones@rhodes.edu**

Office Phone: None

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*, 10th Edition, Thompson Publishers. This textbook is required and without it a student will have a hard time passing the course.

The Wall Street Journal online 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 Financial Times and *The Economist* are 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. Occasionally I will hand out articles in class.

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 nor 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, but this does not mean I won't be watching and looking for cheating.

Grades: Will be based on 2 exams, attendance, participation, and a team project.

Exams (75%): The first exam is based roughly on 8 chapters of the course and is worth 35% of your grade. It will be hard. The Final exam is based on the remainder of the course and will be worth 40%. Questions can be any combination of multiple choice, True/false, essay and problems. *Missed exams are unlikely to be allowed a makeup without prior permission or a very valid written excuse.*

Attendance and Participation (5%): I will take attendance during class either by calling roll or passing around an attendance sheet whenever I desire, but I won't do this every class. Participation will be based on how often I recall you participating in class discussions, asking questions and adding value to the class. Participation is maximized by being attentive in class, showing a desire to learn, and obviously working hard towards success. *Missing class does reflect negatively in your grade and it is common every semester for some students to underestimate this impact.*

International Investing Team Project (20%): Will involve handing in a final deliverable (10%) and presenting your results to the class (10%). Project will be done in a team format that will be decided on in class. Consult appendix D, page 677, of the text. I will add additional information to the text by the second class. Teams will be decided on by the second class

Curves: I reserve the right to curve upwards either exam to a median score higher than 74% at my discretion.

Scores: Your final grade, exams, attendance, projects, possible quizzes and bonus points are scored as follows A+ 98-100, A 93-97, 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.

IV. Course Calendar International Finance Fall 2011 (subject to change at professors whim)

Day	Date	Lecture and Chapters	Subjects and notes
Monday	29-Aug	Intro, 1	Syllabus and attendance, Multinational Financial Management: An Overview,
Monday	5-Sep	Labor Day Holiday	<i>NO CLASS</i>
Monday	12-Sep	2,3, start project and teams (p.677 in text)	International Flow of Funds, International Financial Markets,
Monday	19-Sep	4,5, project picks initial data	Exchange Rate Determination, Currency Derivatives,
Monday	26-Sep	5A,5B, 6	Currency Option Pricing, Currency Option Combinations, Government Influence on Exchange Rates
Monday	3-Oct	chapter 7,8, project performance hand in	International Arbitrage and Interest Rate Parity, Relationships Among Inflation, Interest Rates, & Exchange Rates
Monday	10-Oct	Midterm	Exam over ch1-8, plus articles discussions and links,
Friday	14-19	Fall Recess at 5:00 pm	<i>NO CLASS</i>
Monday	24-Oct	9, 10	Forecasting Exchange Rates , Measuring Exposure to Exchange Rate Fluctuations
Monday	31-Oct	11, 12	Managing Transaction Exposure, Managing Economic and Translation Exposure
Monday	7-Nov	13, 14, project performance hand in	Direct Foreign Investment , Multinational Capital Budgeting,
Monday	14-Nov	15, 16	International Corporate Governance and Control, Country Risk Analysis,
Monday	21-Nov	17, 18	Multinational Cost of Capital and Capital Structure, Long Term Financing
W, F	23, 25	Thanksgiving Break Nov. 22 at 10 p.m.	<i>NO CLASS</i>
Monday	28-Nov	project performance due, 19 and review for final	Financing International Trade
Monday	5-Dec	Project presentations	15 minutes each
Wednesday	7	Last day of classes	
Friday	9-Dec	Final Exam @5:30 and Project final delivery	Exam on everything since midterm.