



## 010794 International Finance

<b>Course Code</b>	010794		<b>Course Name</b>	International Finance	
<b>Instructor</b>	Professor Xin Ye		<b>Other Teachers</b>	TBA	
<b>Course delivery</b>	Lectures	Seminars	Guest Speakers	Group Activities	Field Trip(s)
	√	√		√	√
	Tutorials	Projects	Pitch(es)	Presentations	Outreach Workshop
	√				Optional
<b>Total Hours</b>	54 in-class contact hours + Self Study Hours This course is worth 6 ECTS points.				

### Course Description

This unit examines how global corporations make their strategic financial decisions. It analyses the main techniques utilized by managers in the international financial market and how they are applicable to different areas.

Students will be looking into the topics of Global Financial markets, Currency Exchanges Rates, Currency Derivatives, Management of Risk, Portfolio Diversification and Changing Interest Rates. Some key topics include Political Risk Management, Risk Analysis of a country as well as International Capital Budgeting. This course allows students to learn to identify the obstacles multinational corporations face whilst undertaking business in different countries, focusing on the financial aspects.

## **Brief Schedule and Topics**

1. Introduction to International Finance
2. International Trade Flows
3. International Financial Markets
4. Exchange Rates and risk management
5. Currency Derivatives
6. Interest Rate Parity and International Parity Conditions
7. Interest Parity Relationship and Forecasting
8. Foreign Exchange Exposure and Management
9. International Portfolio Diversification
10. Swap and Interest Rate Risk Management
11. DFI & Country Risk Analysis
12. International Capital Budgeting
13. Structure of multinational firms and the Cost of Capital
14. Political Risk Management

## **Learning Objective**

By the end of this course you should be able to:

- Identify how multinational corporations undertake important financial decisions.
- Outline the different strategic methods used by decision makers who make financial decisions in the global context.
- Examine the obstacles multinational corporations are often confronted with in terms of financial management across different regions.
- Understand the various models used for international capital budgeting and how they inform international financial decisions.
- Describe the key events and major developments which have been important towards shaping the global financial markets.
- Explain the importance of ethics in international finance and how it creates sustainable long-term solutions.

## **Requirements**

Sound knowledge of topics covered in Corporate Finance is a necessary basis for satisfactory completion of this course.

## Reference Books

Madura, J. (2015). International Financial Management, 12th Edition, Cengage Learning.

Shapiro, A. C. and Sarin, A. (2009). Foundations of Multinational Financial Management, 6th edition, Wiley

Shapiro, A.C. (2014), Multinational Financial Management, 10th Edition, Wiley.

Course materials (including lecture notes, supplementary readings and solutions to assignment questions) are handed out during the class.

## Assessments

Assessments in this course include:

### Class (Tutorial) participation (15%):

To further enhance the learning experience, it is also important for you to engage in regular discussions with other students, in exchanging knowledge and ideas with regards to this course and its key topics. Students are expected to be present and punctual for all their classes.

### In class tests (25%):

Details of the test will be announced and discussed in class.

Type: Examination

Length: A 50 minutes quiz conducted in the class.

Task: This is a closed book examination.

### Group Assignment (20%):

Students will be allocated into groups to complete a group assignment relating to course topics.

Details of the assignment will be announced and discussed during the class.

- 5 pages maximum in A4,
- 12 point Times New Roman font
- Single line spacing
- Late submission will attract a penalty of 10% of the total weighting of the assessment task. A 10% deduction applies for EACH late day and the assessment will not be accepted after 5 working days. Extensions will only be granted upon the basis that there is reasonable medical evidence of illness or any other extreme circumstances that the university may place under consideration.

### Final examination (40%):

A two hours formal final examination will be scheduled by the lecture and conducted in the class.

### Detailed Daily Schedule (TBC)

Topic (tentative)	Description	Activities
Introduction to International Finance	An overview of international finance; Basic Concepts in International Finance and Foreign Exchange Markets	Introduction; Lecture/seminar; Case Study Development and Communication
International Trade Flows	Capital and funding	Lecture/seminar; Case Studies; In-Class Activities
International Financial Markets	Global Capital Markets: Currency exchange, Credit, Bond and Stock Markets	Lecture/seminar; Case Studies; In-Class Activities
Exchange Rates and risk management	Risk management techniques ; Protections against currency rate fluctuation.	Lecture/seminar; Case Studies; In-Class Activities
Currency Derivatives	Currency futures, currency options and currency swaps	Lecture/seminar; Case Studies; In-Class Activities
Interest Rate Parity and International Parity Conditions	International Arbitrage and Interest Rate Parity	Lecture/seminar; Case Studies; In-Class Activities
Interest Parity Relationship and Forecasting	International Parity Relationships and their implications; Forecasting Exchange Rates;	Lecture/seminar; Case Studies; In-Class Activities
Foreign Exchange Exposure and Management	Exchange Rate Fluctuations; Managing Transaction Exposure;	Lecture/seminar; Case Studies; In-Class Activities
International Portfolio Diversification	FDI and multinational capital budgeting; Multinational Treasury Management; Sourcing Debt Internationally; Sourcing Equity Internationally	Lecture/seminar; Case Studies; In-Class Activities
Swap and Interest Rate Risk Management	Interest Rate and Currency Swaps	Lecture/seminar; Case Studies; <b>In-Class test (25%)</b>
DFI & Country Risk Analysis	Direct Foreign Investment and market entry; Risk analysis and risk management techniques.	Lecture/seminar; Case Studies; In-Class Activities

International Capital Budgeting	Capital budgeting for multinational firms	Lecture/seminar; Case Studies; In-Class Activities
Structure of multinational firms and the Cost of Capital	The restructuring of multinational firms and their capital structures; Financing International Trade ; Real options and cross-border investment strategies;	Lecture/seminar; Case Studies; In-Class Activities
Political Risk Management	Corporate governance and the international market for corporate control; Long-Term and short-term financing options	<b>Final Exam (40%); Group Case Study Assignment Submission (20%)</b>

Content is subject to change.

## Academic Integrity and Policies

[Tongji University Academic Policy](#) for international students makes reference to the Academic Policy for Undergraduates (Issued on 20th, June 2005) and Academic Policy for Postgraduates.

### Academic Integrity

Students are expected to uphold the university's academic honesty principles, which are an integral part of the university's core values and principles. If a student fails to observe the acceptable standards of academic honesty, they could attract penalties and even disqualification from the course in more serious circumstances. Students are responsible for knowing and observing accepted principles of research, writing and any other task which they are required to complete.

Academic dishonesty or cheating includes acts of plagiarism, misrepresentation, fabrication, failure to reference materials used properly and forgery. These may include, but are not limited to: claiming the work of others as your own, deliberately applying false and inaccurate information, copying the work of others in part or whole, allowing others in the course to copy your work in part or whole, failing to appropriately acknowledge the work of other scholars/authors through acceptable referencing standards, purchasing papers or writing papers for other students and submitting the same paper twice for the same subject.

This Academic Integrity policy applies to all undergraduates of the Tongji University in all programmes of study, including non-graduating students. It is to reinforce the University's commitment to maintaining integrity and honesty in all academic activities of the University community.

### Policy

- The foundation of good academic work is honesty. Maintaining academic integrity upholds the standards of the University.
- The responsibility for maintaining integrity in all the activities of the academic community lies with the students as well as the faculty and the University. Everyone in this community must work together to ensure that the values of truth, trust and justice are upheld.
- Academic dishonesty affects the University's reputation and devalues the degrees offered.
- The University will impose serious penalties on students who are found to have violated this Policy. The following penalties may be imposed:
  - Expulsion;
  - Suspension;
  - Zero marks/ fail grade;
  - Marking down;
  - Re-doing/re-submitting of assignments or reports; and
  - Verbal or written warning.