

Identification	Subject	FIN 845 International Finance- 3KU/6ECTS
	Department	Economics and Management
	Program	Graduate
	Term	Spring 2024
	Instructor	Nigar Ismaylova
	Email:	nigar.ismaylova@khazar.org
	Classroom/hours	
Prerequisites	FIN 830 Managerial Economics	
Language	English	
Compulsory/Elective	Compulsory	
Textbooks and course materials	<p>Alan C. Shapiro, Paul Hanouna, Multinational Financial Management. 11th edition. John Wiley and Sons, Inc, 2019-2020</p> <p>Jeff Madura, & Roland Fox. (2020). International Financial Management, Edition Cengage Learning.</p> <p>Useful web links</p> <p>A useful <u>glossary</u> of terms related to payment, clearing and settlement systems by the European Central Bank</p> <p>Financial Times – <u>www.ft.com</u></p> <p>The Economist – <u>www.economist.com</u></p> <p>International Monetary Fund – <u>www.imf.org/external/about.htm</u></p> <p>Bureau of Economic Analysis – <u>www.bea.doc.gov</u></p> <p><u>https://www.youtube.com/watch?feature=youtu.be&v=VVghw3YrHis</u></p> <p><u>https://voxeu.org/article/rise-dollar-and-fall-euro-global-asset-trade</u></p> <p><u>https://www.globalfxc.org/fx_global_code.htm</u></p> <p><u>https://www.bis.org/statistics/rpfx19_fx.htm</u></p>	
Course outline	<p>International Finance will introduce students to global financial markets and operations of multinational firms. The course includes: balance of payments concepts, exchange rate theories, currency markets, corporate treasury management, and capital budgeting, international cost of capital. Risk management, derivatives, and security markets. International Finance Management is a logical progression of Corporate Financial Management by focusing on financial decision-making in the international context.</p> <p>Students will gain an understanding and learn the techniques required in managing foreign exchange exposure, opportunities and risks inherent in the international financial environment with special emphasis on foreign exchange rates, markets, futures, options, asset management, portfolio investments and capital budgeting. International Finance is closely linked to other disciplines including international sales and marketing, international accounting, and economics in the widest sense.</p>	
Course objectives	<p>The objective of the course study of the financial issues facing a firm operating in a multinational environment. The objectives are:</p> <ul style="list-style-type: none"> • To provide students with a basic knowledge of how international financial markets work. • To provide students with an understanding of exchange rates and why currency values fluctuate. • To help the students to examine the Balance of Payments (BOP) data and determine its implications for international competition. • To help the students to apply knowledge of derivatives to risk management in international financial markets. 	

	<ul style="list-style-type: none"> • To explain the students the translation, transaction, and economic exposure to exchange rate changes. • To describe how interest rate risk affects financial decision making in the international business arena. <p>To help to learn how to identify the processes and instruments used in the financing of international trade.</p>		
Learning outcomes	<p>By the end of the course, students should be able to:</p> <ul style="list-style-type: none"> • Demonstrate basic understanding of foreign exchange market and exchange rates • Demonstrate basic understanding of how to use foreign exchange derivatives and other techniques to manage foreign exchange exposures of firms. • Demonstrate basic understanding of the issues pertaining to multinational financing and investment decisions • Demonstrate critical and analytical skills wherein they should be able to make sense out of a mass of information to address relevant issues pertaining to international finance theory. 		
Teaching methods	Case analysis		x
	Group discussion		x
	Lecture		x
	Course paper		x
	Problem Solving		x
	Others		
Evaluation Criteria	Methods	Date/deadlines	Percentage (%)
	Midterm Exam	TBA	30
	Activity		5
	Attendance		5
	Quiz	Week 6/14	10
	Project	Week 10	10
	Final Exam	TBA	40
	Total		100
Policy:	<p>The course will be taught as a mixture of interactive lecture, class numerical problem solving, case analysis (cases could be minicases or long cases depending on the requirement), and other assigned readings. Assignments will be given to students on a regular basis after class sessions, and students would be expected to come prepared with the assignments in the next class. Power point slides are used as notes that supplement required textbook reading.</p> <p>During the seminars chapter problems and questions would be considered and solved. Solving problems and discussing the questions are resource to assist the students in understanding how questions may be framed in the three quizzes and final exam. It is highly advised to do them during the seminars. Feel free to collaborate in groups, however it is expected that you work individually. DOING PROBLEMS IS THE BEST WAY TO PREPARE FOR THE EXAMS!!</p> <p>Grade in the course will be determined by attendance and actively participation in class discussions by asking meaningful questions, seminar participation and contribution to the general understanding of others of the theoretical and practical material under consideration, scores on one project, three quizzes and a final examination. No extra credits will be granted.</p>		

	<p>Quiz#1 will consist of 3 problems and 2 open-ended questions that require either calculation or short passage answers and cover materials of Chapter 1-5.</p> <p>Quiz#2 will consist of 3 problems and 2 open-ended questions that require either calculation or short passage answers and cover materials of Chapter 8-12.</p> <p>Topics of project paper will be distributed during the class. The paper topic is chosen jointly by students and instructor. Organizing your paper with sections and headings will help you present your material and aid the reader in understanding your paper. The paper should include an introduction, background, data/evidence, results, discussion, conclusions, references, copies of supporting figures, tables, etc., which illustrate the points made. Be sure to cite, in the text, specific references to information that comes from published resources.</p> <p>Students are required to submit the project paper by mail before the announced deadline. Papers submitted after the deadline are not accepted.</p> <p>Mid-term exam will consist of 3 problems and 4 essay open-ended questions that require either calculation or short passage answers and cover materials of Chapters 1-8.</p> <p>Final exam will consist of 3 problems and 4 essay open-ended questions that require either calculation or short passage answers and cover materials of all Chapters.</p>
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Tentative Schedule

Week	Date	Topics	Textbook/Assignments
1		Chapter 1: Introduction: Multinational Enterprise and Multinational Financial Management.	Chapter 1 of prescribed textbook Forces influencing global finance, and how companies have become multinational. Selecting countries for business expansion and issues to be considered. Discussion of the latest financial issues from The Financial Times and The Wall Street Journal
2		Chapter 2: The Determination of Exchange Rates.	Chapter 2 of prescribed textbook Foreign exchange market and business strategies for exports and imports. Discussion of the latest financial issues from The Financial Times and The Wall Street Journal
3		Chapter 3: The International Monetary System.	Chapter 3 of prescribed textbook The international monetary system, business strategies and the use of the US dollar, Yuan and the Euro in capturing new markets Global trade imbalances and its implications for international financial stability, European financial environment and investment strategies
4		Chapter 4: Parity Conditions in International Finance and Currency Forecasting.	Chapter 4 of prescribed textbook Parity Conditions and factors contributing to global and regional financial stability Discussion of the latest financial issues from

			The Financial Times and The Wall Street Journal
5		Chapter 5: The Balance of Payments and International Economic Linkages	Chapter 5 of prescribed textbook Key components of Balance of payments. Meaning of current and capital accounts Discussion of the latest financial issues from The Financial Times and The Wall Street Journal
6		Chapter 6: The Foreign Exchange Market. Quiz 1 (Chapter 1-5)	Chapter 6 of prescribed textbook Organization of the Foreign Exchange Market Discussion of the latest financial issues from The Financial Times and The Wall Street Journal
7		Chapter 7: Currency Futures and Options Markets.	Chapter 7 of prescribed textbook Forward Contract versus Futures Contract Reading Currency Futures and Options Prices. Discussion of the latest financial issues from The Financial Times and The Wall Street Journal
8		Mid-term Exam	Chapter 1-7
9		Chapter 8: Swaps and Interest Rate Derivatives	Chapter 8 of prescribed textbook Interest Rate and Currency Swaps, Interest Rate Swaps Discussion of the latest financial issues from The Financial Times and The Wall Street Journal
10		Chapter 9, 10: Measuring Accounting Exposure. Measuring and Managing Economic Exposure. Submission of Project Paper	Chapter 9,10 of prescribed textbook Measuring and managing global financial exposure for new products in foreign markets and their implications for business development in Asia Discussion of the latest financial issues from The Financial Times and The Wall Street Journal
11		Chapter 11: International Financing and National Capital Markets	Chapter 11 of prescribed textbook Corporate Sources and Uses of Funds Financial Markets versus Financial Intermediaries National Capital Markets as International, Financial Centers, Development Banks Discussion of the latest financial issues from The Financial Times and The Wall Street Journal
12		Chapter 12: Euromarkets	Chapter 12 of prescribed textbook Relationship Between Domestic and Eurocurrency Money Markets Links Between the Domestic and Eurobond Market Discussion of the latest financial issues from The Financial Times and The Wall Street Journal

13		Chapter 13: International Portfolio Investment	Chapter 13 of prescribed textbook International portfolio and foreign direct investments strategies for multinational companies The role of international trade and trade barriers for global business strategies Discussion of the latest financial issues from The Financial Times and The Wall Street Journal
14		Chapter 14: The Cost of Capital for Foreign Investments. Quiz 2 (Chapter 8-12)	Chapter 14 of prescribed textbook The Weighted Average Cost of Capital for Foreign Projects Discussion of the latest financial issues from The Financial Times and The Wall Street Journal
15		Chapter 15: Country Risk Analysis	Chapter 6 of prescribed textbook Economic and Political Factors Underlying Country Risk Key Indicators of Country Risk and Economic Health Discussion of the latest financial issues from The Financial Times and The Wall Street Journal
		Final Exam	

Topics for Research Paper:

1. Strategic and Financial Determinants of Foreign Direct Investments
2. Foreign Direct Investment, Stock Exchange Development and Economic Growth in Central and Eastern Europe
3. The Role of International Portfolio Investments
4. Role of FDI in the emerging economies
5. Origins and policy implications of the Asian financial crisis
6. The impact of the Asian financial crisis on U.S. multinationals
7. China's Role in the World Economy
8. Natural Disasters, Climate Change, and Sovereign Risk
9. Proposed and on-going reforms of the international financial architecture.
10. International Trade and Poverty Alleviation
11. Private Capital Flows and Growth
12. Governance and Country Risk
13. Country risk analysis: economic elements of country risk
14. Successful Adaptation Strategies of Multinational Enterprises in Central and Eastern Europe
15. Financial Globalization and Exchange Rates
17. Multinational Corporations, FDI and the Asian Economic
18. How Beneficial Is Foreign Direct Investment for Developing Countries
19. Islam, globalization and economic performance in the Middle East
20. International Financing Institutions and the reduction global financial instability
21. Foreign direct investment decisions and structural choices for foreign market entry
22. Financial crises and instability.

Note: This course syllabus provides only a general and tentative plan for the course. Deviations may be made when necessary.