

INTERNATIONAL FINANCE ECONOMICS (21186)

Degree: International Business Economics

Course: Third/Fourth

Term: First

Number of ECTS credits: 5

Hours of student's dedication: 125 hours

Language of instruction: English

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1. Presentation of the subject:

This course focuses on trade relations and capital flows among countries.

We will study international markets and institutions, the particular characteristics of international portfolio investment and finally the origin and evolution of the current credit crisis.

Topics covered in this course include: Political and country risk, The balance of payments, The Euromarkets, International banking and money market, International bond market, International equity markets, The cost of capital for foreign investment, International portfolio investment and The current credit crisis.

2. Competences to be attained:

Prerequisites: As a third/fourth year subject, the student is expected to possess a profound economic knowledge. Expertise in mathematics, macroeconomics and international economics will be very convenient.

The general competences are:

- G1. A correct comprehension and good understanding of written academic texts and textbooks.
- G4. An advanced level of English.
- G7. The ability for critical and autonomous reflections.
- G9. A demanding and rigorous discipline focused on work.
- G10. A proactive attitude when learning new issues, a quality highly appreciated in a professional life.
- G11. Apply the knowledge and understanding, and problem solving abilities in new or unfamiliar environments.
- G16. Use the information properly when suggesting proposals or solving problems.
- G17. Use an economic reasoning when making decisions in risky environments.
- G18. The ability to integrate knowledge and handle complexity.

The specific competences are:

- E1. Use economic models of international trade to analyse the impact of business decisions on main macroeconomic variables.
- E2. Know how an enterprise goes global and the possible ways to locate it in overseas markets.
- E3. Evaluate both opportunities and limitations in overseas markets with the aim of taking best decisions during the process of going global.
- E4. Implement adaptation strategies in marketing and commercialization of products and services in overseas markets.
- E5. Understand the limitations and opportunities of dealing in international financial markets.
- E6. Know the main distinctions among different accounting systems and how they can be adapted through international accounting regulations.

E7. Take fiscal decisions on best locations in an international business environment while calculating the impact on management and profit.

3. Contents:

PART I: Environment of International finance economics

Chapter 1 – Political and country risk.

Chapter 2 – The balance of payments.

PART II: The international markets

Chapter 3 – The Euromarkets.

Chapter 4 – International banking and money market.

Chapter 5 – International bond market.

Chapter 6 – International equity markets.

PART III: International portfolio analysis

Chapter 7 – The cost of capital for foreign investment.

Chapter 8 – International portfolio investment.

PART III: Present situation

Chapter 9 – The origin of the credit crisis: 2007-2009.

Chapter 10 – The evolution of the credit crisis: 2010-2012.

4. Assessment:

The course grade will be determined by student's performance in the following areas:

Attendance, proactive participation and final project: 10%

To receive full points for attendance and participation the student must attend classes regularly and contribute constructively to class discussions.

Final Exam (comprehensive): 50%

Seminars (working party): 40%

60% will be the result of how the student solves each of the seminars.

40% will come from the student's presentation of a seminar in class.

A zero will be given for no attendance to seminars even if the solution submitted is correct. Attendance to seminars is compulsory.

Both parts (final exam and seminars) must be passed separately with a minimum of four out of ten in order to average and complete this course successfully. Presumably the retake period will take place in February. The student will be able to retake only the final exam mark. This resit will be through a new exam (also requiring a minimum of four out of ten to average it). Finally do remember that the C grading is five out of ten.

5. Bibliography:

5.1. Basic bibliography:

International financial management – Cheol S.Eun & Bruce.G.Resnick – Mc Graw Hill 5th Edition

5.2. Additional bibliography:

Multinational financial management – Alan C.Shapiro – Wiley 8th Edition

Foundations of multinational financial management – Alan C.Shapiro – Wiley 5th Edition

5.3. Teaching resources:

Lecture notes and other supplementary material will be uploaded on the course website at least one day before the scheduled lecture. The student is responsible for printing them. If notes are not available on time, the professor will be responsible for bringing the notes and distributing them in class.

6. Methodology:

We will occasionally discuss supplemental cases as well as current news related to the material covered in class. All students are expected to come prepared for in-class case/news discussions.

There will be a total of six seminar assignments.

These problems will be either uploaded on the course website or distributed in class at least one week in advance of the due date.

The seminar assignments are meant to help students review the concepts covered during the previous weeks and to help them prepare for the final exam.

Students will work and submit solutions to seminars in groups. Each group will present one seminar in class.

Late homework will not be accepted.

The final exam will be comprehensive in nature through a combination of multiple choice: questions and exercises.

The room for the final exam will be posted or announced in class as soon as the information becomes available.

No wireless devices will be allowed in the examination room. Mobile telephones will remain switched off.

Needless to say that no form of academic dishonesty will be tolerated.

If a student is caught trying to cheat during the final exam, the student will automatically fail the course.

7. Activities planning:

The information given below represents the tentative lecture and assignment schedule for this course. Any adjustments will be announced beforehand in class.

WEEK NUMBER:	CHAPTER NUMBER:	SEMINAR:
1	1	
2	2	
3	3	
4	4	
5	5	SEMINAR 1
6	6	SEMINAR 2
7	7	SEMINAR 3
8	8	SEMINAR 4
9	9	SEMINAR 5
10	10	SEMINAR 6