

International Finance Economics (21911)

Degree/study: Grau Economia i ADE

Course: third/fourth

Term: first

Number of ECTS credits: 5 credits

Hours of student's dedication: 125 hours

Language or languages of instruction: English

Professor: Roland Umlauf – Roland.Umlauf@upf.edu

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

Students obtain knowledge about using economic models of international trade to analyze the impact of business decisions on main macroeconomic variables. Knowing how an enterprise can use international financial markets. Evaluating both opportunities and limitations in overseas markets with the aim of taking best decisions during the process of internationalization. Understanding the limitations and opportunities of dealing in international financial markets. Know the main distinctions among different international rules and regulations concerning financial instruments.

3. Contents

Chapter 1 – Political and country risk.
Chapter 2 – The balance of payments.
Chapter 3 – Exchange rate derivatives markets.
Chapter 4 – Country Risk
Chapter 5 – The Euromarkets.
Chapter 6 – International banking and money markets.
Chapter 7 – International bond markets.
Chapter 8 – International equity markets.
Chapter 9 – Interest rate and currency swap markets
Chapter 10 – The cost of capital for foreign investment.
Chapter 11 – International portfolio investment.

4. Assessment

This course consists of 30 hours of theory class (20 lectures of 1.5hrs) and 9 hours of practice classes (1.5hrs/wk during the last 6 weeks). At the end of the course there will be a final exam (60% of the grade). Additionally, students are graded on attendance and class participation, especially during the practice sessions (10%). Students have to hand in 3 homework sets. These homework sets account for 30% of the final grade.

Practice sessions are used to solve problemsets with active student involvement.

The minimum final passing grade is 5.0 out of 10. Students need at least a grade of 4.0 in the final exam in order to pass the course.

The grades for class participation and homework are preserved for the recuperation exam at the beginning of the 2nd trimester.

Students are only allowed to attend the exam or recuperation exam if they were enrolled in the course during the first term of 2013-14.

For students unable to attend the recuperation exam due to exchange study placement in the second term, an extra recuperation exam date can be set at the end of the 3rd term.

5. Bibliography and teaching resources

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

6. Methodology

We will discuss theoretical issues and methodology during the lectures. All students are expected to come prepared for in-class discussions.

There will be a total of six seminar assignments. These problems will be either uploaded on the course website 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. The seminar classes are applied in nature and treat the solution of practical problems related to the theory taught during lectures.

Students must submit solutions to 3 of the 6 seminars as homework.

7. Activities Planning

Students are recommended to attend lectures and classes and to prepare solutions to the seminar practice problems before attending seminar classes, even if the solutions do not have to be handed in. There are 3 homework sets to be handed in individually, at the beginning of practice class on the 28th Oct, 11th Nov and 25th Nov.

Date	Wk	Chapter	Seminar	Homework
26-Sep	1	Intro & Ch1 (Int mon system)		
3-Oct	2	Ch2 The Balance of Payments		
4-Oct		Ch2 The Balance of Payments		
10-Oct	3	Ch3 Derivatives		
11-Oct		Ch3 Derivatives		
17-Oct	4	Ch3 Derivatives		
18-Oct		Ch4 Country risk		
21-Oct	5		Sem 1	
24-Oct		Ch5 Euromarket		
25-Oct		Ch6 Int banking and money market		
28-Oct	6		Sem 2	Hw1
31-Oct		Ch7 Int Bond		
4-Nov	7		Sem 3	
7-Nov		Ch7		
8-Nov		Ch8 Int Equity		
11-Nov	8		Sem 4	Hw2
14-Nov		Ch8		
15-Nov		Ch9 Swaps		
18-Nov	9		Sem 5	
21-Nov		Ch10 Cost of capital		
22-Nov		Ch10		
25-Nov	10		Sem 6	Hw3
28-Nov		Ch11 International Portfolio		
29-Nov		Ch11		