



Understanding International Finance, the Global Economy, and Exchange Rates

Prof. Jong-Bom Chay, SKKU

SHORT COURSE DESCRIPTION

We are living in a highly globalized and integrated world economy. Thus, a solid understanding of international finance has become essential for astute managerial decision making. Financial managers of multinational corporations should learn how to manage foreign exchange and political risks using proper tools and instruments, take advantage of market imperfections, and benefit from the expanded investment and financing opportunities. This course will enable students to be competent in making financial decisions in an international context. Students will be exposed to a broad range of topics, including some of the latest developments in global financial markets.

Instructor: Prof. Jong-Bom Chay, Ph.D., CFA
Class Time: TBA
Classroom: TBA
Office Hours: TBA
Office Location: Room 33521 (5th Floor, Business School Building)
E-mail: jbchay@skku.edu
Office tel.: (02) 760-0484

READING MATERIALS

1. Required Textbook: Eun and Resnick, *International Financial Management* 8th Edition (2018), McGraw-Hill Education International.
2. Lecture notes will be available from *SKKU ISS* website.
3. A scientific (or financial) calculator (capable of handling exponential and logarithmic functions).

COURSE REQUIREMENTS AND GRADING

This course's final grade will be either a 'pass' or 'fail' based on the student academic achievement evaluated by grades on a scale of 100 points (grade of 60 or above is Pass). **SKKU regulations require students to attend at least 80% of all classes.** Students are expected to familiarize themselves with SKKU policies about plagiarism, academic dishonesty, etc.

You will be graded on the following:

- (a) Exams: There will be two open-book exams.
- (b) Homework assignment: This will be evaluated based on your attempt at the assigned homework. Although your assignments will not be graded, your submission record will account for 20% of the grade
- (c) Group project: Each group will present one mini-case related to international finance during the course.

Assessment:

- (a) Attendance and class participation: 20%
- (b) Homework assignment submitted: 20%
- (c) Group Project: 20%
- (d) Exam 1: 20%
- (e) Exam 2: 20%

Homework assignments:

Problem sets will be handed out on a daily basis. They come from the end-of-the-chapter problems in our main textbook. Since the exam questions will be similar to these assignment problems, you will find your work for assignments a very rewarding experience.

Group project:

Students will be organized into small groups. Each group will choose a mini-case from our main textbook or other sources for a presentation in class.

Class participation:

I expect you to attend all classes and to participate actively in class discussion so that you get the most learning out of this course.

COURSE SCHEDULE

– WEEK I –Thursday (27 June)

1. Globalization and the multinational firm (Ch. 1)

Friday (28 June)

2. International monetary system (Ch. 2)
3. Corporate governance around the world (Ch. 4)

– WEEK II –Monday (1 July)

4. The market for foreign exchange (Ch. 5)
5. International parity relationships and forecasting foreign exchange rates (Ch. 6)

Tuesday (2 July)**Exam 1**Wednesday (3 July)

6. Futures and options on foreign exchange (Ch. 7)

Thursday (4 July)

7. Management of transaction exposure (Ch. 8)
8. Management of economic exposure (Ch. 9)

– WEEK III –Monday (8 July)

9. Management of translation exposure (Ch. 8)
10. International banking and money market (Ch. 11)

Tuesday (9 July)

11. International bond market (Ch. 12)

Wednesday (10 July)

- 12. International equity markets (Ch. 13)
- 13. Interest rate and currency swaps (Ch. 14)

Thursday (11 July)

- 14. International portfolio investment (Ch. 15)

– WEEK IV –

Monday (15 July)

- 15. Foreign direct investment and cross-border acquisitions (Ch. 16)

Tuesday (16 July)

- 16. International capital structure and the cost of capital (Ch. 17)

Wednesday (17 July)

- 17. International capital budgeting (Ch. 18)

Thursday (18 July)

Exam 2

Friday (19 July)

- 18. Review of the course