



Sungkyunkwan University (SKKU) International Summer Semester (ISS) 2022

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:

Classroom:

E-mail: jbchay@skku.edu

READING MATERIALS

1. Required Textbook: Eun and Resnick, *International Financial Management* 9th Edition (2021), McGraw-Hill Education International.
2. Lecture notes will be available from SKKU ISS website.

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 and academic dishonesty.

You will be graded on the following:

- (a) Exams: There will be **two exams** to be finished within **3 hours**.
- (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

Assessment:

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| (a) Attendance and class participation: | 20% |
| (b) Homework assignment submitted: | 20% |
| (c) Exam 1 (Take-home, Open-book, 3-hours limit): | 30% |
| (d) Exam 2 (Take-home, Open-book, 3-hours limit): | 30% |

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.

Classroom Policies

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.

I will make all class-related announcements in class. This includes class cancellations, changes in assignments, exam dates, changes in topics, policies, etc. It is your responsibility to find out what you missed if you miss a class.

Principle on Academic Integrity

Plagiarism, cheating, and other incidents of academic dishonesty will result in an automatic failing grade for the course.

COURSE SCHEDULE

– WEEK I –

Monday (27 June)

Globalization and the multinational firm (Ch. 1)

Tuesday (28 June)

International monetary system (Ch. 2)

Balance of payments (Ch. 3)

Wednesday (29 June)

Corporate governance around the world (Ch. 4)

Thursday (30 June)

The market for foreign exchange (Ch. 5)

– WEEK II –

Monday (4 July)

International parity relationships and forecasting foreign exchange rates (Ch. 6)

Tuesday (5 July)

Exam 1

Wednesday (6 July)

Futures and options on foreign exchange (Ch. 7): Part 1

Thursday (7 July)

Futures and options on foreign exchange (Ch. 7): Part 2

– WEEK III –

Monday (11 July)

Management of transaction exposure (Ch. 8)

Management of economic exposure (Ch. 9)

Tuesday (12 July)

International banking and money market (Ch. 11)

Wednesday (13 July)

International bond market (Ch. 12)

International equity markets (Ch. 13)

Thursday (14 July)

Interest rate and currency swaps (Ch. 14)

Friday (15 July)

International portfolio investments (Ch. 15)

– WEEK IV –

Monday (18 July)

Exam 2

Tuesday (19 July)

FDI and cross-border acquisitions (Ch. 16)