



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: 9:00 a.m. ~ 11:50 a.m.
Classroom: Online
Office Location: Room 33521 (5th Floor, Business School Building)
E-mail: jbchay@skku.edu

READING MATERIALS

1. Required Textbook: Eun and Resnick, *International Financial Management* 8th Edition (2018) or any recent edition, 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, academic dishonesty, etc.

You will be graded on the following:

- (a) Exams: There will be **two "Take-home" 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.

COURSE SCHEDULE

– WEEK I –Thursday (24 June)

Globalization and the multinational firm (Ch. 1)

Friday (25 June)

International monetary system (Ch. 2)

Balance of payments (Ch. 3)

– WEEK II –Monday (28 June)

Corporate governance around the world (Ch. 4)

Tuesday (29 June)

The market for foreign exchange (Ch. 5)

Wednesday (30 June)

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

Thursday (1 July)**Exam 1****– WEEK III –**Monday (5 July)

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

Tuesday (6 July)

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

Wednesday (7 July)

Management of transaction exposure (Ch. 8)

Management of economic exposure (Ch. 9)

Thursday (8 July)

International banking and money market (Ch. 11)

Friday (9 July)**No class****– WEEK IV –**Monday (12 July)

International bond market (Ch. 12)

International equity markets (Ch. 13)

Tuesday (13 July)

Interest rate and currency swaps (Ch. 14)

Wednesday (14 July)

Exam 2

Thursday (15 July)

Review of the course