

FINA 4810/6810 International Finance
Terry College of Business
FINA 4810 – Fall 2009

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*"I will be academically honest in all of my academic work
and will not tolerate academic dishonesty of others."*

— UGA Student Honor Code
<http://www.uga.edu/honesty/>

Master Syllabus Elements:

a) FINA 4810/6810 – International Finance

b) Course description – International business decision making emphasizing the effects of internationalized financial and non-financial markets. Exchange rate analysis, hedged cost of funds, economic exposure and management, capital budgeting, financial and corporate strategy, and the evaluation of international risks and returns.

c) Prerequisites, corequisites, and cross-listings for the course – prerequisites for FINA 4810 are FINA 3000 and (MSIT 3000 or STAT 3000).

d) Course objectives or expected learning outcomes – This course focuses on international business decision making emphasizing the effects of internationalized financial and non-financial market. Topics include exchange rates and the international parity conditions, international financial markets, exchange rate analysis, currency risk management, capital budgeting and financial and corporate strategy.

e) Topical outline –

- ρ International Financial Environment
- ρ Financial Markets and Instruments
- ρ International Financial Management

f) University Honor Code and Academic Honesty Policy –

As a University of Georgia student, you have agreed to abide by the University's academic honesty policy, "A Culture of Honesty," and the Student Honor Code. All academic work must meet the standards described in "A Culture of Honesty" found at: <http://www.uga.edu/honesty>. Lack of knowledge of the academic honesty policy is not a reasonable explanation for a violation. Questions related to course assignments and the academic honesty policy should be directed to the instructor.

g) The course policy is a general plan for the course; deviations announced to the class by the instructor may be necessary.

Class Syllabus Elements:

h) Principal course assignments –

This course explores the fundamental topics in international finance with a focus on financial decision-making. The goal of the course is to provide students with sufficient exposure to the theories, institutional details and practical applications of international finance that students will be able to evaluate situations and arrive at optimal decisions.

The course will be composed of lectures, class discussion, problem solving and case applications. There is much more to learn about international finance than can be covered in this class. Thus, the structure is going to be somewhat flexible and the course outline is tentative. You are encouraged to introduce current topics that have been gathered through your regular reading of the *Wall Street Journal*, the *Financial Times*, the *Economist*, or other periodicals, or other relevant material.

Tentative Outline of Topics and Assignments

I. Foundations of International Financial Management

Chapter 1: Globalization and the Multinational Firm
Suggested Problems: None

Chapter 2: International Monetary System
Suggested Problems: None

Video: Commanding Heights
(<http://www.pbs.org/wgbh/commandingheights/lo/index.html>)

Chapter 4: Corporate Governance around the World
Mini-Case: Parmalat: Europe's Enron
Suggested Problems: None

II. The ForEx Market, Exchange Rate Determination, and Currency Derivatives

Chapter 5: The Market for Foreign Exchange
Mini-Case: Shrewsbury Herbal Products, Ltd.
Suggested Problems: Problems 1, 3, 4, 5, 8, 9, 10

Chapter 6: International Parity Relationships and Forecasting Foreign Exchange Rates
Mini-Case: Turkish Lira and Purchasing Power Parity
Suggested Problems: Problems 2, 3, 5, 7, 8, 9

Chapter 7: Futures and Options on Foreign Exchange
Mini-Case: The Options Speculator
Suggested Problems: 1, 2, 4, 5

III. Foreign Exchange Exposure and Management

Chapter 8: Management of Transaction Exposure
Mini-Case: Airbus' Dollar Exposure
Suggested Problems: Problems 1, 2, 4, 6

Chapter 9: Management of Economic Exposure
Suggested Problems: Problems 1, 2

IV. Financial Markets and Institutions

Chapter 11: International Banking and Money Market
Suggested Problems: Problems 1, 2, 3, 4, 6

Chapter 12: International Bond Market
Mini-Case: Sara Lee Corporation's Eurobonds
Suggested Problems: Problems 1, 2, 3

Chapter 13: International Equity Markets
Suggested Problems: Problems 1, 2

Chapter 14: Interest Rate and Currency Swaps
Mini-Case: The Centralia Corporation's Currency Swap
Suggested Problems: Problems 1, 2, 3, 4

V. Financial Management of the Multinational Firm

Chapter 16: Foreign Direct Investment and Cross-Border Acquisitions
Suggested Problems: None

Chapter 18: International Capital Budgeting
Mini-Case 1: Dorchester, Ltd.
Suggested Problems: Problems 1, 2, 3

Other topics to be determined.

i) Specific course requirements for grading purposes

Preparation

The website provides a more detailed schedule than that provided above. All assigned material should be read before class. Suggested problems are designed to reinforce the material covered. Solutions will be available on the course website.

Course Grading Policy – FINA 4810

The course grade will be determined by three in-class exams, plus a comprehensive final, weighted as indicated. Exams are scheduled as follows (subject to change):

Exam 1	20% of grade	Thursday, September 15
Exam 2	20% of grade	Thursday, October 8
Exam 3	20% of grade	Thursday, November 5

Final Exam

40% of grade

Finals Week –
As assigned...

Exams will be closed book. I will provide you with a formula sheet covering the basic equations we have used. You may use a financial calculator – no programmable calculators allowed. No computers will be allowed for the exams. In addition to the weights given above, your final grade may be lowered 5% for consistent lack of class attendance.

All requests for review of graded work must be made promptly (within one week of the return of the work) and must be in writing. The request should include clear analysis of why you are requesting a re-grade. The full exam will be re-graded with the possibility that your score will be lowered on the question under review or any other question on the exam.

If you are enrolled in FINA 6810, you will prepare write-ups on one or two cases and present the material to the class. These write-ups will count 20% of your final grade, with exams 1, 2 and 3 each counting 15% of your grade and the final exam counting 35%.

j) Grading policy

The final grade will be based on the total points earned on the material listed above, weighted as indicated. All students will be ranked by points earned and the final grade will be based on that ranking. Students who do not consistently attend class may receive up to a 5% penalty on their final grade.

k) Attendance policy

Students who do not consistently attend class may receive up to a 5% penalty on their final grade.

l) Required course material

- Textbook: Cheol S. Eun and Bruce G. Resnick, *International Financial Management*, McGraw Hill Irwin, 5th edition, 2009.
- A financial calculator that can do NPV analysis (e.g., TI BA II Plus or HP 10B). You will only be allowed to use a non-programmable financial calculator on any exam.

m) Policy for make-up of examinations

There will be NO MAKEUP TESTS FOR ANY REASON. The weight from a missed test will be transferred to the final exam PROVIDING the absence is due to a serious illness, a family emergency or SOME university-sponsored events. If you expect to miss an exam for an approved reason, let me know as soon as possible prior to the exam. You must provide me with a formal written note regarding the situation – preferably before the exam – plus a phone call or note from a physician or other relevant person within one week following the missed exam.

Contact information:

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Office hours – Tuesday, Thursday – 1 pm to 2 pm and by appointment.

Communication and Website

Students are welcome to stop by my office during office hours or by appointment. I also respond to e-mail questions as quickly as possible. We have an eLC website for the course. The website will include the powerpoint slides that accompany the lectures, important notices, answers to problems discussed in class, and identification of materials of interest to the class. You are responsible for all information announced in class or posted on the website, including changes to the course syllabus and schedule.