

Instructor: Dr. DJ Bava, Ed.D., MBA
Time: MWF- 8:30-9:20 Villa 1

Office: Valfiorita 0c
Hours: 9:25-11:25

Course Description (Franklin College Switzerland 2001-2002 Catalog):

This course deals with financial problems of multinational business. Topics include sources of funds for foreign operations, capital budgeting and foreign investment decision, foreign exchange losses, and evaluation of securities of multinational and foreign corporations. Particular emphasis is placed on international capital and financial markets (Prerequisites: BUS 326 and BUS 306 recommended).

Course Objectives:

This course provides an overview of many of the world's capital markets, with particular emphasis on equity markets of specific countries and regions. The course examines, at a macro level, the development and operations of major and emerging capital markets and involves extensive analysis, comparisons, and forecasting of their respective performance from databases provided. The course is designed to provide students with a comprehensive understanding of the similarities and differences among the world's developed and emerging capital markets in all regions, including North and South America, Asia, Europe, Middle East, and Africa.

The course is designed to enable students to gain a reasonable understanding of:

1. The operations of global equity markets
2. How to measure the performance and volatility of these markets
3. The impact of exchange rates on performance and volatility
4. The correlation (or lack thereof) of returns among global and regional markets
5. Investing and hedging using market index options and futures

At the same time, many of the world's equity markets remain staunchly independent. How do they operate? How can international investors participate in potential profit opportunities? What are the tax implications of investing in foreign markets? These are some of the questions which the course attempts to address. The successful outcome of the course depends heavily on the students' willingness to engage in applied research on world markets, as well as to prepare frequent analyses on global market data.

General Comments on the Course:

As one might conclude, this course in international finance will be extensive. Not only will assignments be made from the text, but also supplementary articles will be assigned on a periodic basis that will be available as class handouts or placed on reserve in the library. It is expected, on a daily basis, students will read the business section of the International Herald Tribune or The Wall Street Journal (both available in the library) so that we might apply current events to the principles of international finance during class discussions.

The new analytical tool consists in applying this test. Observe closely, record findings exactly, and frame generalities that cover the facts, without coloring from myth, poetry, or other preconceived idea. The lessons learned will enable you to predict without fail the future behavior of things and thereby guide action with assurance and wisdom. Knowledge is Power!

Evaluation and Grading:

Your grade in the course will be determined by your performance in activities like; case studies and final term project. The weight given to each is as follows:

	%	Points
First Case Study	30.0	150
Second Case Study	30.0	150
Final Term Project	30.0	150
Subjective Assessment	10.0	50
Total	100.0	500

Your grade will be determined solely based on your performance on the exams and activities indicated. There will be NO extra credit. The only points that can be earned are noted above.

Text:

International Financial Management, Jeff Madura, Southwestern College Publishing, 6th Edition, 2000.

Methodology:

The format of the class will be lecture-oriented, based on the assigned reading and exercises. Homework will be assigned for every class that will also provide the basis for class discussion. Class participants are encouraged to actively engage the instructor to clarify points, and ask questions pertaining to the issues at hand, and to seek assistance during posted office hours

Preparation includes (1) reading material, (2) solving the assigned exercises and problems, and (3) identifying questions that you need answered. Attendance may be taken and assignments may be picked up on an unannounced basis. Also, students may be asked to present problems in class. While attendance and homework assignments will not be graded per se, they may factor into the Subjective Assessment noted in the Evaluation and grading section.

Attendance Policy:

Attendance will be taken regularly. A student who for no valid reason remains absent from campus for an excessive length of time during the semester may be asked to withdraw from the course and from the college. Non-compliance with the expectation of attendance may result in the student being dropped from the roll for the course by the professor in consultation with the Dean and, in any case, will incur a reduction of the student's final grade by up to 15% after the course evaluation criteria (see section below) have been computed. The reduction of the final grade will be determined by the instructor after a careful consideration of the following guidelines:

- 1 – 3 unexcused absences: reduction by up to 5%.
- 4 – 6 unexcused absences: reduction by 10– 15%.
- More than 6 unexcused absences: grounds for withdrawal from the course.

Students who miss a class due to illness must provide the instructor with a valid medical certificate if they wish to prove cause of absence.

Students will be expected to arrive for class promptly. Tardiness is distracting and time consuming for both the instructor and class participants. Students who consistently arrive late will be charged with unexcused absences which may affect final grades as noted above.

Course Calendar:

Bus 426

Date: Text Chapters – Topics

Mon.	Jan. 20	Introduction to Course, Class Introductions, Review Outline
Wed.	Jan. 22	Chapter 1- Introduction to International Business Finance Comparative Advantage, the Borderless World, Theories and Methods
Fri.	Jan. 24	The Largest MNC Players- Some Preliminary Observations
Mon.	Jan. 27	Exposure to International Risk
Wed.	Jan. 29	Chapter 2- International Flow of Funds
Fri.	Jan. 31	Factors Affecting International Trade Flows
Mon.	Feb. 03	Agencies that Facilitate International Flows Case Study Outline Due
Wed.	Feb. 05	Chapter 3- International Financial Markets
Fri.	Feb. 07	Foreign Exchange Transactions
Mon.	Feb. 10	Eurocredit, Eurobonds, and International Stock Markets
Wed.	Feb. 12	Chapter 4- Exchange Rate Determination
Fri.	Feb. 14	Factors Affecting Exchange Rates
Mon.	Feb. 17	Case Study Presentation
Wed.	Feb. 19	First Case Study Presentation- Contd.
Fri.	Feb. 21	Breakout Session For Final Term Project
Mon.	Feb. 24	Chapter 5- Currency Derivatives
Wed.	Feb. 26	Call and Put Options
Fri.	Feb. 28	Chapter 6- Government Influence on Exchange Rates
Mon.	Mar. 03	The Euro
Wed.	Mar. 05	Exchange Rate Target Zones and Government Intervention
Fri.	Mar. 07	Chapter 7- International Arbitrage and Interest Rate Parity
March	10-21	Academic Travel
Mon.	Mar. 24	Assessment and Correlation Methodology
Wed.	Mar. 26	Chapter 8- Inflation, Interest Rates, and Exchange Rates

Date: Text Chapters – Topics

Fri.	Mar. 28	Purchasing Power Parity, International Fisher Effect
Mon.	Mar. 31	Second Case Study Presentation
Wed.	Apr. 02	Second Case Study Presentation- Contd.
Fri.	Apr. 04	Field Trip To Multinational Firm- TBA
Mon.	Apr. 07	Chapter 10- Measuring Exposure to Exchange Rate Fluctuations
Wed.	Apr. 09	Transaction, Economic and Translation Exposure
Fri.	Apr. 11	Chapter 13- Direct Foreign Investment
Mon.	Apr. 14	Public Financial Institutions
Wed.	Apr. 16	Chapter 14- Multinational Capital Budgeting
Fri.	Apr. 18	Breakout Session For Final Term Project
Mon.	Apr. 21	Easter Break
Wed.	Apr. 23	Chapter 16- Country Risk Analysis
Fri.	Apr. 25	Chapter 16- Country Risk Analysis
Mon.	Apr. 28	Reducing Exposure
Wed.	Apr. 30	Last Day of Class- Course Evaluation
Thur.	May 01	Reading Day
Wed.	May 07	Final Exam Period- 8:30-10:30

Other Important Dates to Remember:

January 23	Deadline for Schedule Changes- Drop/Add
March 24-April 4	Advising and Registration
March 28	Last Day to Withdraw from Classes
May 2-8	Final Exams
May 11	Graduation
May 26-June 26	Summer Session I
June 30-July 31	Summer Session II

Statement on Cheating and Plagiarism:

A student, whose actions are deemed by the College to be out of sympathy with the ideals, objectives or the spirit of good conduct as fostered by the College and Swiss community, may be placed on Disciplinary Probation or become subject to dismissal from the College. Cheating is a dishonest action out of sympathy with the ideals, objectives and spirit of the College. Cheating reflects negatively on one's personal integrity. Cheating is unjust to those students who have studied.

Consequently, the College has adopted the following code:

When an examination is in progress, all unauthorized books, notes, papers and notebooks must be left outside the classroom, or, where this is not feasible, left beneath the student's seat unopened.

So far as logistically possible, students will be asked to distribute themselves around the room during an exam so as to leave the widest possible space between them.

During the examination only the blank paper required for the examination and a pencil, pen or other tools as permitted by individual instructors may be on the desk.

Should an instructor see written crib notes in evidence during an exam, the presumption will be that the student is using those notes for cheating on an exam.

If a student must leave the classroom during an examination due to physical duress, the student must turn in the exam and will not be allowed to return during the examination period. No make-up examination will be administered.

It is within the prerogative of the instructor to take a student's paper during an exam and to ask that student to take an oral exam, or another exam, at the instructor's choice.

A student found cheating will be reported to the Dean of the College and may be called before the Student Appeal and Grievance Hearing Board for further disciplinary action.

A student found cheating on an exam would be given an "F" for that examination. If it is a final examination, the student may be given an "F" for the course.

A student whose paper or assignment has clearly been plagiarized will receive an "F" for that paper. Notification will be sent to the Dean of the College. A second offense in that, or any other, course may result in dismissal from the College.

Cases of academic dishonesty may be handled by the instructor in whose course the violation occurred if the matter is a result of student ignorance or is a first offense. The instructor will assess the severity of the violation and impose an appropriate penalty. In the event of a repetition of dishonesty, the matter will be referred to the Dean of the College, and the student will risk expulsion from the College.

Please also note: Only conventional calculators will be permitted in class.