

International Finance (FIN 6638), Fall 2009

University of Florida, Warrington College of Business

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Course Website: logon to the *e-Learning* system (<http://lss.at.ufl.edu/>)
(Note: a link to the *e-Learning* system can also be found on the College's homepage)

Required Course Material:

1. Bruno Solnik and Dennis McLeavey, *Global Investments*, 2009 (6th Edition)
2. Course packet -- available at Target Copy
3. Class lecture slides are available on the course website -- see the *e-Learning* system above (some class handouts will also be distributed throughout the term)
4. A basic financial calculator for in class problems, assignments, and final exam (e.g., HP 10bII, ...)
5. A computer for homework assignments and group project
6. A desk name tag for class – a paper one is fine

Course Description:

This course is designed to provide an introduction to international finance. In particular, this course will cover foreign exchange markets, international capital markets, international investing, foreign direct investment, and some risk management issues. The emphasis will be on economic and financial principles as well as institutional features. These financial principles and institutional features are both relevant and useful for individuals who operate in our increasingly competitive and global economy. Given the nature of the topics covered and accompanying course assignments, this course has significant analytical, quantitative, and writing components throughout.

Course Requirements and Evaluation:

All readings in the attached course outline are required. These reading assignments will serve as *background* material for the lectures and should be read prior to the class meetings. Class attendance and accompanying participation are therefore critical components of the course. Taken together, the course readings, lectures, and assignments provide a strong foundation for understanding international finance.

There will be a total of 1,000 possible points that can be earned during the term. These points are distributed among a group project, two homework assignments, a course exam, and classroom participation (which also includes some in and out of class assignments). The group project is worth 400 points, the homework assignments are worth 50 points each (for a total of 100 points), and the course exam is worth 350 points. Classroom participation is worth a total of 150 points and will be determined by relevant and meaningful classroom participation during the course lectures and in-class assignments. Please note that late attendance or no attendance will adversely affect your participation grade. The course lecture material, readings, group homework assignments and project will also be useful in helping to prepare you for the final exam.

Final course grades will be based on the following accumulative point scale:

<u>Grade</u>	<u>Accumulative Course Points</u>
A	925 – 1,000
A-	900 – 924
B+	890 - 899
B	825 - 889
B-	800 – 824
C+	790 - 799
C	725 - 789
C-	700 – 724
D+	690 - 699
D	625 - 689
D-	600 - 624
F	0 - 599

Project Due Date and Exam Date:

Project:	10/6/09 (Tuesday)
Course Exam:	10/8/09 (Thursday)

Group Evaluation Grades:

Part of your group assignment grades (both group homework assignments and course group project) will be determined by your group members' evaluation of your contribution. In particular, towards the end of the term, each group member will fill out a group member evaluation form. Each group member will be evaluated on a contribution scale from 1-5, with 5 being the highest. Based on the group member evaluations, the group work portions of your grade will be adjusted accordingly. That is, based on your average evaluation, your group assignment scores (*both total group homework assignment score and total group project score*) will be adjusted according to the following scale:

<u>Group Evaluation of Contribution</u>	<u>% of Group Score Earned by Group Member</u>
5	100%
4	90%
3	80%
2	50%
1	0% (see note below)

Note: If your contribution score is below 2, you will earn a failing grade in the course.

Sample Group Member Evaluation Form

Evaluate each of your group members using the following criteria.

Student Name (Evaluator): _____

Note: The evaluation range is from 1-5, with 5 being the highest and 1 being the lowest possible score. Circle the number that best corresponds to your evaluation of each group member's contribution/performance towards the group assignments.

Group Member's Name: _____

This group member contributed significantly _____ 1 2 3 4 5
towards the *analysis and write-up* of the group assignments.

Comments: _____

Brief Description of Course Group Project:

There is one large group project during the term. The project consists of *either* a country investment *or* company international expansion report. In either case, you are required to first provide some background discussion of your selected country, and then provide an analysis of the country's political environment, economic environment, and capital markets. For the *country investment* analysis report, you need to follow the above analyses with a detailed analysis and discussion of specific investment prospects and opportunities in the particular country. Alternatively, for the *company* international expansion report, you need to follow the above analyses with a detailed analysis and discussion of specific company prospects and opportunities for a particular firm (or group of firms) in the selected country. For further details on the course project, please see the comprehensive handout describing the project.

Some Important Administrative Issues

Class Attendance and Punctuality:

Part of your grade (i.e., 150 course points) will be determined by your classroom participation, which also requires that you attend class and be engaged with the course content while in class. Please note that arriving late to class is problematic and will lower your participation grade. I also give some quick in-class assignments at the beginning of class and occasionally at other times during class throughout the term. Please note that make-up assignments will not be available for those who arrived late for beginning of class assignments or who were absent. Please also note that you must attend your scheduled course section to receive any participation credit. The sections are over-subscribed, so switching sessions is also not possible.

Cell Phones:

Please turn off your cell phone prior to class. As you know, ringing cell phones are a distraction to the rest of the class.

Computer Usage during Class:

You will not need your computers during my class, so please turn them off. Web surfing, answering emails, computer card games... are a distraction both for you and your peers. If you use your computer to take notes, please see me.

Make-up Examinations and Late Assignments:

Please note that late assignments will not be accepted. Make-up exams will be offered only under **extremely** extenuating circumstances **and** only if the student notifies me well in advance of the conflict.

Other Miscellaneous University Issues:

1. Document Retention Policy:

Student course material will be retained for only three weeks beyond the end of the term.

2. Accommodations for students with disabilities:

"Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the Instructor when requesting accommodation."

3. The University's Student Honor and Conduct Codes:

All students are required to abide by the Student Honor Code and Student Conduct Code set forth in the University of Florida Rules - 6C1-4 Student Affairs, 6C1-4.041 Student Affairs: Academic Honesty Guidelines (e.g., cheating, plagiarism, consultation...). The following website contains details covering the above guidelines:

<http://www.aa.ufl.edu/Handbook/students.html>.

Regrade Policy:

To insure that all students are treated fairly and equally in the grading process, each student must follow the regrade policy below if they want their grade reconsidered. Please note that for me to reconsider your grade, you must provide me with the following material within 2-weeks of when the assignment was returned (within 2-weeks of the end of the term for the course exam).

If you believe that your course points were *incorrectly summed*, please do the following:

1. Turn in *all* of your graded course material with corresponding points.
2. Clearly show me in writing where you believe the summation error occurred.
3. Provide me with your contact information – where I can reach you once I have evaluated your case (phone and email).

If you believe that you received *incorrect credit* for a particular portion of your graded material, please do the following:

1. Turn in *all* of your graded course material with corresponding points.
2. Provide me with a clear, type-written case (along with *very strong* supporting documentation) that clearly shows me why you believe that you received insufficient credit. Please note that you only have *1 opportunity* to make your case – so make it as clear and strong as possible. Also, please note that non-sense cases can result in your course grade being downgraded once all of your graded course material has been re-evaluated.
3. Provide me with your contact information – where I can reach you once I have evaluated your case (phone and email).

Course Outline

Part 1: Review of Essential Statistical Tools

- I. Descriptive Statistics, Regression Analysis and Hypothesis Testing
(see Course Packet Material)

Part 2: Foreign Exchange Markets

- I. The International Monetary System
Solnik and McLeavey: pgs. 76-83
- II. The Foreign Exchange Market
Solnik and McLeavey: Chapter 1
- III. Foreign Exchange Parity Relations
Solnik and McLeavey: Chapter 2
- IV. Exchange Rate Behavior and Forecasting
Solnik and McLeavey: Chapter 3

Part 3: International Capital Markets

- I. International Equity Markets and Investing
Solnik and McLeavey: Chapters 9, 4, 5, 6, and 12
- II. International Fixed-Income Markets
Solnik and McLeavey: Chapter 7

Part 4: Foreign Direct Investment and Risk Management Issues

- I. Foreign Direct Investment
Lecture Slides and Course Packet Material
- II. Introduction to Some Risk Management Issues
Lecture Slides and Course Packet Material