




## International Finance

FNCE316

CRN: 57354, Spring 2022 (January 26, 2022 – May 25, 2022)

|   |   |
|---|---|
| Instructor:                                     | Paul Yan  |
| Contact Information:                            | Email: <a href="mailto:pyan@geneseo.edu">pyan@geneseo.edu</a><br>Phone: (585) 245-5260 Office: South 223C   |
| Lecture Hours/Location:                         | MWF:8:30am-9:20am @ South Hall Room: 340  |
| Office Hours/Location:                          | MW: 10:00am-12:00pm via Zoom or in my office  |
| Prerequisites:                                  | FNCE 311 and junior or senior status.   |
| Textbook:                                       | International Financial Management, Jeff Madura, 14th, <i>South-Western Cengage Learning</i> , 2020   |
| Websites:                                       | <a href="https://www.geneseo.edu/cit/canvas">https://www.geneseo.edu/cit/canvas</a> (for syllabus, HW, readings, etc.)<br><a href="http://datayyy.com/excel">http://datayyy.com/excel</a> (for learning Excel)<br><a href="http://datayyy.com/if/">http://datayyy.com/if/</a>   |
| Student success                                 | Click <a href="#">here</a> or<br><a href="https://wiki.geneseo.edu/display/PROVOST/Syllabus+Resources+Related+to+Student+Success">https://wiki.geneseo.edu/display/PROVOST/Syllabus+Resources+Related+to+Student+Success</a>  |
| QR codes  |   |
| Course Description:                             | Course Description The course is designed to develop fundamental concepts in international financial management. Topics to be covered include the international financial environment, exchange rate behavior, exchange rate risk management, long-term asset and liability management, and short-term asset and liability management. The objective of the course is to develop a comprehensive understanding of the key concepts of international financial management and to learn how to apply the knowledge in the real world. |
| Computational Tool                              | Microsoft Excel, every student should polish his/her Excel skills. Ask me if you have any questions related to Excel and my Excel learning site is <a href="http://datayyy.com/excel/">http://datayyy.com/excel/</a>  |
| R is used to help students to learn this course | To install R, you can watch one of the following YouTube videos:<br>Windows users: <a href="https://www.youtube.com/watch?v=ZoPJGmpYJzw">https://www.youtube.com/watch?v=ZoPJGmpYJzw</a><br>Mac users: <a href="https://www.youtube.com/watch?v=WJDrYUqNrHg">https://www.youtube.com/watch?v=WJDrYUqNrHg</a>  |
| One-line R command                              | <code>source("http://datayyy.com/if.txt")</code><br>Note #1: I will explain the above line during the first lecture.<br>Note #2: For this course, I will NOT teach R. Literally, students are responsible for the above one-line of R code.<br>Note #3: R is case sensitive. Thus, when issuing the above line, pay attention to your spelling.   |
| School of Business Mission                      | Students acquire strong quantitative, analytical, and communication skills while preparing for professional success as socially responsible individuals in today's complex business environment. We strive for teaching excellence and recognize that high-quality faculty  |

|  |  |
|--|--|
|  | scholarship and professional activities advance the impact we have on practice, pedagogy, and our knowledge of business.   |
| Bachelor of Science Program Learning Goals | Competency Goal 1: Our learners will have strong analytical skills<br>Competency Goal 2: Our learners will have strong quantitative skills<br>Competency Goal 3: Our learners will have effective communications skills<br>Competency Goal 4: Our learners will have a thorough understanding of various functional areas of business<br>Competency Goal 5: Our learners will have a multidimensional understanding of social responsibility.  |
| Course Learning Objectives                 | After successfully completing this course, students are expected to demonstrate their ability to: • Describe the characteristics of international financial markets (LG1) • Understand the determinants of exchange rate (LG1) • Understand asset and liability management from multinational corporation's perspective (LG1) • Understand the concepts of arbitrage, interest rate parity, purchasing power parity, and international fisher effect. (LG1, LG2) • Apply the theories of international finance to many business applications. (LG3, LG4) |
| Attendance policy                          | If you are feeling unwell physically and/or mentally, please do not attend in-person classes. You will not be penalized for non-attendance. The reason is that in-person courses present the highest risk of contagion and members of the college community who may be impacted if ill students attend these classes.  |
| Grade Evaluation:                          | Data cases 30%<br>Quizzes 30%<br>Final 30%<br>Class participation 10%  |
| Homework                                   | Homework will be assigned but not collected. The understanding and practicing of homework are critical to good performances in quizzes and the subsequent exams. So, it is important that you spend time on the homework on a regular basis. Homework assignment will be uploaded to canvas, the web based class platform on a regular basis throughout the semester.  |
| Quizzes                                    | Three quizzes are designed to help students stay up-to-date with the materials and prepare for the exams. Each quiz will be given prior to the upcoming exam. The types of questions in the quizzes are very similar to the questions in the homework assignment. There will be no make-up quizzes.  |
| Exam                                       | One final exam will be given at the end of the semester. The types of questions in the exam are similar to the questions in homework assignment. Make-up exams will be given only in the case of a documented medical or other emergency.  |
| Accommodations                             | SUNY Geneseo will make reasonable accommodations for persons with documented physical, emotional, or cognitive disabilities. Students who need reasonable accommodations can consult with the Office of Disability Services in Erwin 22 (disabilityservices@geneseo.edu or 585-245-5112) for any needed accommodations. Students with accommodation letters should contact the instructor as early as possible in the semester to discuss specific arrangements.   |
| Academic calendar                          | <a href="https://www.geneseo.edu/registrar/academic-calendar">https://www.geneseo.edu/registrar/academic-calendar</a>  |

From a percentage grade to a letter grade

| Percentage grade         | Letter grade |
|--------------------------|--------------|
| $grade \geq 90\%$        | A            |
| $85\% \leq grade < 90\%$ | A-           |
| $80\% \leq grade < 85\%$ | B+           |
| $75\% \leq grade < 80\%$ | B            |
| $70\% \leq grade < 75\%$ | B-           |
| $65\% \leq grade < 70\%$ | C+           |
| $60\% \leq grade < 65\%$ | C            |
| $55\% \leq grade < 60\%$ | C-           |
| $grade < 55\%$           | F            |

Course Schedule: (tentative and subject to change)

Academic calendar: <https://www.geneseo.edu/registrar/academic-calendar>

| Week | Date                                      | Contents of the lecture  | Notes        |
|------|---|--|--------------|
| 1    | 1/26<br>1/28                              | Self-introduction & syllabus discussion<br>Chapter 1: Introduction & Multinational Financial Management:<br>An Overview, R installation and Excel basics |              |
| 2    | 1/31<br>2/2<br>2/4                        | Chapter 2: International Flow of Funds   |              |
| 3    | 2/7<br>2/9<br>2/11                        | Chapter 3: International Financial Markets   | Data Case #1 |
| 4    | 2/14<br><b>2/16</b><br>2/18               | Chapter 4: Exchange Rate Determination<br><b>Diversity Summit – No classes</b>   | Data Case #2 |
| 5    | <b>2/21</b><br>2/23<br>2/25               | <b>Quiz 1 (chapters 1-4)</b><br>Chapter 5: Currency Derivatives  |              |
| 6    | 2/28<br>3/2<br>3/4                        | Chapter 5 (continued)<br>Chapter 6: Government Influence on Exchange Rates &   | Data Case #3 |
| 7    | 3/7<br>3/9<br>3/11                        | Chapter 6 (continued)<br>Chapter 7: International Arbitrage and Interest Rate Parity   |              |
| 8    | <b>3/14</b><br><b>3/16</b><br><b>3/18</b> | <b>March 14-18/Mon-Fri/Spring Break – No classes</b>   | Data Case #4 |

| Week | Date                        | Contents of the lecture  | Files         |
|------|-----------------------------|--|---------------|
| 9    | <b>3/21</b><br>3/23<br>3/24 | <b>Quiz 2</b><br>Chapter 8: Inflation, Interest Rates/Exchange Rates   | Data Case #5  |
| 10   | 3/28<br>3/30<br>4/1         | Chapter 8 (continued)<br>Chapter 9: Forecasting Exchange Rates/Measuring Exposure to Exchange Rate Fluctuations  | Data Case #6  |
| 11   | 4/4<br>4/6<br>4/8           | Chapter 9 (continued)<br><br>Chapter 10: Measuring Exposure to Exchange Rate Fluctuations  | Data Case #7  |
| 12   | 4/11<br>4/13<br>4/15        | Chapter 10 (continued)   | Data Case #8? |
| 13   | <b>4/18</b><br>4/20<br>4/22 | <b>Quiz 3</b><br>Chapter 11: Managing Transaction Exposure   |               |
| 14   | 4/25<br>4/27<br>4/29        | Chapter 11 (continued)<br>Chapter 16: Country Risk Analysis Student  |               |
| 15   | 5/9<br>5/11<br><b>5/13</b>  | Chapter 16 (continued)<br>Back-up day<br><b>Study Day - No class-related activities</b>  |               |
|      | <b>5/18</b>                 | <b>Final 8:00-10:30am(3)</b><br>(see the schedule shown below)<br><a href="http://datayyy.com/webs/final2022spring.html">http://datayyy.com/webs/final2022spring.html</a><br>or type<br>.exam("mwf8:30") # will explain this |               |

#### Appendix A: How to download and install R?

Step 1: Go to <http://r-project.org>

Step 2: Click "CRAN" on the left

Step 3: Choose a server nearby

Step 4: Choose appropriate type such as Windows, Mac

Step 5: Download "Base"

YouTube videos:

1) How to download and install R [for windows)

(6m39s)

<https://www.youtube.com/watch?v=ZoPJGmpYJzw>

2) Programming in R-Getting Started-Installing R/RStudio on a Mac

(5m59s)

<https://www.youtube.com/watch?v=Ywj6yNfc5nM>

Appendix B: One-line of R code for this course.

```
source("http://datayyy.com/if.txt")
```

After launching R and typing the above line, the following menu will pop up.

```
*-----*
* International Finance (FNCE316)          Spring 2022 by Yan *
*-----*
* .c1 Overview (Multinational Fin Management) *
* .c22 R basics [optional] *
*-----*
* >.c1      # go to chapter 1 (a dot in front c1) *
* >.c22     # go to chapter 22 *
* >.uu      # for utility functions *
* >.if      # back to the main menu *
*-----*
```

Every function or menu is self-explanary. Typing its name would give you an introduction plus a few examples.

Appendix C: After typing `.c1`, (note that there is a dot in front of `c1`), we will see the following instructions.

```
> .c1
function(i){
" 1 Chapter 1: Overview (Multinational Financial Management)
- -----
 1 R installation/one line R code for this course
 2 Textbook and Zoom for potential online office hours
 3 Chapter 1 - Chapter 1 - Overview
 4 Managing the MNC
 5 Agency problem
 6 SOX Methods to Improve Reporting
 7 Management Structure of MNC
 8 2 Images (??)
 9 Why MNCs Pursue International Business
10 Theory of Competitive Advantage
11 Imperfect Markets Theory
12 Product cycle theory (Exhibit 1.2.):
13 How Firms Engage in International Business
14 Joint Ventures
15 Establishment of New Foreign Subsidiaries
16 Valuation Model for an MNC (1 of 6)
17 Multinational Model
18 Uncertainty Surrounding MNC Cash Flows (Exhibit 1.4)
19 Videos
20 How Uncertainty Affects the MNC's cost of Capital
21 Organization of the Text (Exhibit 1.6)
22 Summary

Example #1:>.c1      # see the above list
Example #2:>.c1(1) # see the 1st explanation
```

Appendix D: After typing `.uu`, the following menu will pop up.

```
> .uu
function(){
"
*-----*
* Utilities          -- short-cut -- *
*-----*
* .calendar          # .cal *
* .allChapters        # .all *
* .officeHours        # .oh *
* .getdata            # .gd *
* .inClassEx          $ .ice *
*-----*
* >.ice              # see a list of ice *
* >.uu                # back to utilities *
* >.if                # back to main menu *
*-----*
```