The Cameron School of Business at University of St. Thomas

1. Course Information

Course Title  International Finance
Course Number  FINA 5330
Course Section  NA
Credits  3 hours
Semester  Fall 2016
Prerequisites  FINA 5X04
Room  Malloy Hall 017
Time  Th.: 7:00 p.m. – 9:45 p.m.

2. Instructor Information

NAME:  Dr. Daniel Perez Liston
OFFICE LOCATION:  Welder Hall, Room 204
OFFICE PHONE  713-942-3499
OFFICE HOURS:  T.: 2:00 p.m. – 3:00 p.m.
               T. & Th.: 5:00 p.m. – 6:00 p.m.
               W.: 2:00 p.m. – 6:00 p.m. (Dept. Chair Hours)
               F.: 2:00 p.m. – 6:00 p.m. (Dept. Chair Hours)
E-MAIL:  drperez@stthom.edu

3. Course Catalog Description

The purpose of this course is to introduce the student to the study of multinational financial management and investment decisions. The course studies foreign exchange markets, international portfolio management, and financial management of multinational corporations, with emphasis on business use of derivative instruments and operating strategies to hedge exchange rate risk. Some of the topics covered in the course are international financial environment and markets, exchange rate determination, currency derivatives, international arbitrage and interest rate parity theory, relationships among inflation, interest rate, and exchange rate, exchange rate risk management, multinational
capital budgeting analysis, and global capital structure analysis. Cases and problems are assigned to enhance creative thinking and analysis to apply to real-world situations.

4. MBA and MSF Learning Goals

The Masters of Business Administration program has six goals. When students complete the MBA degree at the University of St. Thomas:

Goal 1. They will be effective communicators.
   **Objective 1:** Graduates will deliver a compelling oral presentation.
   **Objective 2:** Graduates will write professional quality documents.

Goal 2. They will be effective team members.
   **Objective 1:** Graduates will demonstrate appropriate group techniques to participate in a team task that results in effective performance.
   **Objective 2:** Graduates will demonstrate effective leadership skills in a group project.

Goal 3. They will be ethical decision makers.
   **Objective 1:** Graduates will recognize the ethical issues implicit in a business situation.
   **Objective 2:** Graduates will describe and use ethical frameworks applicable to business situations.
   **Objective 3:** Graduates will develop a variety of ethical alternatives for resolving or at least addressing, a problem in business.

Goal 4. They will be globally aware.
   **Objective 1:** Graduates will perform a global business situation analysis.
   **Objective 2:** Graduates will formulate global business strategy.
   **Objective 3:** Students will evaluate global business strategy.

Goal 5. They will be able to integrate knowledge across multiple business disciplines.
   **Objective 1:** Graduates will identify business problems and opportunities that result from factors internal and external to the organization.
   **Objective 2:** Graduates will apply quantitative and qualitative techniques from the different business disciplines to address problems and opportunities.

Goal 6. They will be knowledgeable about multiple business disciplines.

The Master of Science in Finance has six goals.

1. **Core of Finance Knowledge**
   MSF graduates will be knowledgeable in the critical areas in the field of Finance. Graduates will:
   
   o demonstrate competency in the key fields of Corporate Finance, Investments, Banking and Financial Institutions, Risk Management, and International Finance when they apply the knowledge in the required courses to solve Finance problems.

2. **Analytical and Critical Thinking Skills**
   MSF graduates will be analytical and critical thinkers. Graduates will:
3. **Value System**
MSF graduates will anchor financial aspects of business activities in ethics and human values. Graduates will be able to:
- identify and apply principles of ethical leadership and accountability as applicable to the financial aspects of business decisions
- assess workplace behaviors and financial aspects of business decisions in terms of human values, ethical norms, and societal impact.

4. **Global Awareness**
MSF graduates will be aware of global influences on financial decision-making. Graduates will be able to:
- demonstrate a knowledge of global financial and foreign exchange markets.
- identify the impact of global financial changes on multinational enterprises.

5. **Teamwork & Leadership**
MSF graduates will be able to work effectively on team projects with individuals from diverse groups. Graduates will be able to:
- demonstrate appropriate group techniques to participate in a team task
- compile diverse contributions to produce a comprehensive outcome

6. **Communication Skills**
MSF graduates will be effective communicators. Graduates will be able to:
- prepare written reports on financial issues.
- deliver effective presentations on financial issues.

5. **Course Learning Goals** *(and relationship to program goals and objectives)*

Students are expected to:
1. Familiarize themselves with the nature of the global corporation and of the general guiding principles underlying the process of global financial management decision. (address MBA-Goal 4; MSF- Goals 1 and 4)
2. Learn the techniques and methods of global financial management analysis and develop the ability to use them as tools for problem solving. (address MBA-Goal 5; MSF Goal 1)
3. Learn to identify which techniques and methods are applicable to a given problem and how managers can use them individually or in combination as decision-making tools to undertake global financial management decisions. (address MBA Goal 2; MSF Goal 2)
4. Develop the ability to communicate clearly—to describe in words what the techniques of global financial management contribute to decision making. (address MBA Goals 1 and 2; MSF Goal 5)

5. Obtain an understanding of the functioning of global financial markets and their role in global financial management decision-making. (address MBA-Goal 3; MSF Goal 1)

6. Broaden their knowledge beyond the excessively clear-cut concepts and problems of the textbook by approaching managerial decisions using the messier and less complete data typically encountered in practice by engaging in empirical studies of actual firms or engaging in case studies as assigned in the course. Whichever of these is assigned, it will involve written analysis and oral discussion (address MBA-Goal 6; MSF Goal 2)

6. Texts, Readings, Materials

Required: Textbook, Financial Calculator, and Bloomberg Terminal


A financial calculator with cash flow functions (NPV, IRR) is required. If you do not have a financial calculator, I recommend the Texas Instruments TI 83. I will be using the calculator for classroom demonstrations. If you use a different calculator make sure you have the manual, so that you may learn how to use it on your own or you can “google” instructions on how to use it.

Bloomberg Terminal will also be used; it’s on the bottom floor of the library.

Supplementary readings

The Wall Street Journal or/and Business Week or/and Fortune Magazine
I would like to encourage you to read business press outside the class. It will help you to relate topics covered in class to the real business world and enhance your class performance. Handouts will be provided in class and assigned reading will be posted on Blackboard.

7. Instructional methods

Class time will be devoted to lecture, discussion, and analysis of assigned cases and problems. Finance is a subject highly problem-oriented. Therefore, problems will constitute the largest number of points for each exam. Assigned problems will not be collected, but will be discussed in class. Active participation in class is encouraged and required.

8. Technology

I will use blackboard course management system to post online materials. I will be more
than happy to discuss any questions you might have either in class or outside class.

9. Course Policies

1. Reading assignments and homework assignments:
   You are responsible for all of the material discussed in class, assigned in the readings, and problems assigned for homework. My purpose here is to see that you have some simple hands-on experience at financial management. In addition, you should also study the self-test problems after each chapter. The solutions to those problems are in the book.

2. Make up exams
   Make up exams will not be permitted unless I am notified of your absence before the exam date. Make up exams from excused absences will be scheduled at a time mutually agreeable to the instructor and the student.

3. You should prepare for ALL regularly scheduled classes prior to class meetings. Also, you are expected to arrive on time and stay in class until the class period ends. If you know in advance that you will need to leave early, please notify me before the class period begins.

4. Comments and questions are encouraged to share with the whole class. Private discussion or chatting with your peers are discouraged and will be viewed as destructive for the learning environment. Please respect the class by not doing so.

5. Participation performance is determined by your contribution to the learning process in class. It includes, but not limited to, comments, personal insights, constructive questions, work experience, and answers to assignments and cases. Attendance is expected and required. If you missed three or more classes, your course grade, at the instructor's discretion, will be reduced by one letter grade. If you missed more than six classes, at the instructor's discretion, the grade will automatically become an F.

6. The use of cell phone is discouraged during the class period unless you are “on call.”

7. If you have special concerns about this class and the class policy, I encourage you to talk to me after class or during my office hours. This should be done in the first week of class to allow us time to work out a plan to fully address your concerns. After this time period, I assume that you agree to, and will abide by, the class policy.

8. Any student with a documented disability requiring accommodations for this course is encouraged to contact me after class or during office hours.
Additionally, students will need to contact the office of Counseling Services for Students with Special Needs (Disability Services) at 713-525-3162 or 6953.

**Accommodations**
The University of St. Thomas abides by the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, which stipulates that no student shall be denied the benefits of an education "solely by reason of a handicap." If you have a documented disability that may impact your performance in this class and for which you may require accommodations, you must be registered with and provide documentation of your disability to Counseling and Disability Services which is located on the second floor of Crooker Center. Contact Debby Jones or Rose Signorello at 713-525-6953 or 713-525-3162.

**11. Student Grading Processes**

Grades for this class will be determined by one midterm exam, one final exam, case analysis, and homework. The midterm counts for 30% of the total course grade and the final exam counts for 40%. Cases, Journal Reviews, and Homework 20%. Presentations 10%.

<table>
<thead>
<tr>
<th>Final grade</th>
<th>Grade</th>
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<tbody>
<tr>
<td>93-100</td>
<td>A</td>
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<tr>
<td>90-92</td>
<td>A-</td>
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<tr>
<td>87-89</td>
<td>B+</td>
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<td>84-86</td>
<td>B</td>
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<td>80-83</td>
<td>B-</td>
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<td>70-79</td>
<td>C</td>
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<td>below 70</td>
<td>F</td>
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**12. Course Tentative Schedule**

**Class Participation**

The following criteria will be used to judge and grade your participation performance:

1. **Content Mastery:**
The student makes evident by classroom comments and/or responses to questions, an understanding of the facts, concepts, and theories presented in the assigned readings.

2. **Communication Skills:**
The student informs other students in a clear and constructive manner what he/she knows. Communication skills include listening to others and understanding what they have said, responding appropriately, asking clear, constructive questions, building on the ideas of others, etc.

3. **Synthesis/Integration:**
The student shows the connections between this material and other material. For example, the student could take several ideas from the readings or class discussions and
combine them to produce a new perspective on an issue, or the student could take outside materials (personal experience, work experience, other classes etc.) and combine them to create insights.

4. Creativity:
The student shows further implications of the material by finding new ways of articulating or setting the materials, which produce significant insights, etc..

5. Valuing:
The student identifies values inherent to the material and offer rationales based on some value system.
<table>
<thead>
<tr>
<th>Date</th>
<th>Tentative Course Schedule</th>
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<tbody>
<tr>
<td>8/25</td>
<td>Syllabus and Introduction</td>
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<tr>
<td></td>
<td>Chapter 1: Multinational Enterprise and Multinational Financial</td>
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<td>Management</td>
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<td>9/1</td>
<td>Chapter 2: The Determination of Exchange Rates</td>
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<td>9/8</td>
<td>Chapter 3: The International Monetary System</td>
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<td>9/15</td>
<td>Chapter 4: Parity Conditions in International Finance and Currency</td>
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<td>Forecasting</td>
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<tr>
<td>9/22</td>
<td>Journal Article (Case) Discussion</td>
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<td>9/29</td>
<td>Chapter 5: The Balance of Payments and International Economic</td>
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<td>Linkages</td>
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<td>Chapter 6: Country Risk Analysis</td>
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<td>10/6</td>
<td><strong>Exam I</strong></td>
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<td>10/13</td>
<td>Chapter 7: The Foreign Exchange Market</td>
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<tr>
<td>10/20</td>
<td>Chapter 8: Currency Futures and Options Markets</td>
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<td>10/27</td>
<td>Chapter 10: Measuring and Managing Translation and Transaction</td>
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<td>Exposure</td>
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<tr>
<td>11/3</td>
<td>Chapter 11: Measuring and Managing Economic Exposure</td>
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<td>11/10</td>
<td>Chapter 12: International Financing and National Capital Markets</td>
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<td>11/17</td>
<td>Chapter 15: International Portfolio Investment</td>
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<td>11/24</td>
<td><strong>Thanksgiving Break</strong></td>
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<tr>
<td>12/1</td>
<td>Chapter 16: Corporate Strategy and Foreign Direct Investment</td>
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<td>Chapter 17: Capital Budgeting for the Multinational Corporation</td>
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<td><strong>Presentations</strong></td>
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<td>TBD</td>
<td><strong>Exam II</strong></td>
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Mission Statement: Cameron School of Business

The Cameron School of Business will serve students of diverse backgrounds, providing them the necessary professional skills for a changing global economy, and instilling in them a deep appreciation for ethical behavior as the hallmark of a successful and fulfilling business career. The Cameron School will provide its students a timely and comprehensive business curriculum, with opportunities for specialized study in major business fields. The faculty will provide quality teaching, as this is the core of our mission. As an extension of our teaching mission, the faculty will engage in scholarly activity and service to the University, the profession, and the community.

Academic Honesty

Ethical conduct is essential to a community of scholars and students searching for truth. Anything less than total commitment to honesty and honorable conduct undermines the efforts of the entire community. Academic integrity lies at the very heart of any institution of higher learning. In the Cameron School of Business, students and faculty are expected to commit to a code that exemplifies each individual's honor and integrity. Any conduct that violates this standard and betrays the respect of others is a matter of grave concern and, accordingly, is deemed unacceptable.