



FIN3115/FIN3711: International Financial Management

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Course Description

This course is an elective course for BBA students majoring in Finance. This course is designed to provide an understanding of international financial products, financial markets and institutional structures necessary to be effective financial managers in modern corporations and effective international investors. Students will be acquainted with challenges faced by modern managers and investors in short-term and long-term. Students will also learn how to handle exchange rate risk and market perfection in the growing trend of globalization by using various financial instruments and derivatives. The specific topics covered include the followings: the basis macroeconomic concepts, the nature of foreign exchange risk, the determination of exchange rates, the management of foreign exchange risk with forwards, futures, options and swaps, exchange rate forecasting, the evaluation of international investment, multinational company management, and international tax environment. Student will also learn to familiarize themselves with various information resources to obtain first-hand financial information in rapid changing business environment and to critically analyse it.

Learning Outcome

By the end of the course, students are expected to be able to:

- Derive the impact of monetary and fiscal policy on the international goods and financial markets
- Construct cogent arguments and predictions based on the appropriate economic model
- Visualize financial and economic data in a meaningful way based on economic concepts
- Identify different relevant sources of risk in an international investment portfolio
- Relate a firm's international pricing decision with its financing decisions
- Calculate the cost of capital for international projects, ventures, or mergers and acquisitions.

Course Resources and Requirement

The reference noted below have been placed in RBR section in HSSML.

Course textbook

Eun Cheol S., Bruce G. Resnick, and Ruugi Chuluun, *International Financial Management*, 9th Edition, McGraw Hill, 2021 (ISBN: 978-1-260-01387-0)

Supplementary materials are available in LumiNUS. I also expect students remain up-to-date with news in international finance in the popular press such as *The Economist*, *The Financial Times*, and *The Wall Street Journal*.

ASSESSMENTS

1. Class Participation:	15%
2. Individual Homework	10%
3. Weekly Presentation:	15%
4. Group Project:	30%
5. Final Test:	30%
Total	100%

1. Class Participation (15%)

Credits will be given for active participation in class. (*Warning: Zero mark will be given for non-participation throughout the course.*) Students will also be prompted with questions on the additional assigned readings from the financial times, the economists, and the Bloomberg.

2. Individual Homework (10%)

Weekly homework will be given via LumiNUS. The correct answers will be provided at the end of the online submission. A passing rate of 70% and above will be counted as part of the grade received for the homework. Hence, students can attempt multiple times till reaching the passing grade. The homework is to facilitate the in-class learning on a regular and consistent basis.

3. Weekly Presentation (15%)

Students are required to form groups. Students will work in groups on selected topics in class. The list of topics to be selected will be available at the beginning of semester. The first in-class weekly presentation will start from Week 4 onwards. The group should submit the presentation slides (PowerPoint) one day prior to the presentation date via the LumiNUS.

The in-class presentation is based on current events and market movements. It is to deepen the understanding of the concepts and theories learnt in class. The evaluation of group presentation will be based on the connections between the knowledge/theory learnt in class and the real world events and practices, the quality of critical thinking, and the reasoning of the understanding and recommendations if any. The weekly presentation will not exceed a total of **15 minutes** and the total number of slides **not exceeding 12**.

4. Group Project (30%)

Each group will be given a group project to complete. Non-presenting students gain credit for active participation in discussion during each presentation (see class participation above).

Each group will submit soft copies of PowerPoint presentations (**<=20 slides**) and final report by **22 October 2021, 12 Midnight (Friday)** via LUMINUS. The final report should be single-spaced and **not exceed 15 pages (including appendices)**. The font size should not be less than 10.

The group writes a report on a multinational corporation incorporated in Singapore. The content of the report should include but not limited to the following items:

- 1) The main business and different methods of international business used by the company
- 2) The history of its development and management changes
- 3) The possible reasons for their globalization (such as significant historical events)
- 4) The good (or bad) examples or illustrations of management of foreign exchange risks
- 5) The effective international management strategy of the firm can be highlighted
- 6) The recommendations (or strategies) for the company to improve its performance

Students can utilize the information about the company from news articles, company annual reports, financial databases and reports, or interviews with the managers in the company. Students are highly encouraged to apply the knowledge learnt in the course in the report data analysis. Critical thinking and creative discussions are highly evaluated. The final presentation should last **20 minutes followed by 10 minutes of Q&A.**

5. Final Test (30%)

There will be a cumulative final test in week 13.

Tentative Course Plan (subject to changes):

Week 1

- Brief Introduction (Chapter 1)
- National Accounts
- Balance of Payments (Chapter 3)

Week 2

- The Evolution of the IMS (Chapter 2)
- Introduction to the Foreign Exchange Markets (Chapter 5)

Week 3

- Exchange Rate volatility
- Hedging Exchange Rate risk (Chapter 8)
- Forward Contracts and Futures Markets (Chapter 5; Chapter 7; Chapter 8)

Week 4

- Covered Interest Rate Parity and Synthetic Forward Rates (Chapter 6)

Week 5

- Foreign Currency Options (Chapter 7; Chapter 8)

Week 6

- Currency Swaps (Chapter 14)

Week 7

- International Parity Conditions (Chapter 6)
 - a. The Forward as a Predictor of the Future Spot
 - b. Purchasing Power Parity and the Real Exchange Rate
 - c. The Fisher Equation

- Currency Crises (Chapter 2)

Week 8

- Foreign Direct Investment and Cross-border Acquisitions (Chapter 16)
- Cash Flow Management (Chapter 19)

Week 9

- International Trade Finance (Chapter 20)
- International Tax Environment (Chapter 21)

Week 10

- Other optional topics (to be decided by the class)

Week 11

- Group Presentations

Week 12

- Group Presentations and Final Review

Week 13

- Final test

ACADEMIC HONESTY & PLAGIARISM

Academic integrity and honesty are essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is “the practice of taking someone else’s work or ideas and passing them off as one’s own” (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule – You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. In case of any doubts, you should consult your instructor.

Additional guidance is available at:

<http://nus.edu.sg/osa/resources/code-of-student-conduct>

Online Module on Plagiarism: <http://emodule.nus.edu.sg/ac/launch.htm>.