

NEW YORK UNIVERSITY
Stern School of Business - Undergraduate Division

International Financial Management Spring 2009

COURSE OUTLINE

Instructor

Stefano Bonini

Class hours

See web

Overview

The course aims at providing students with a comprehensive view of how international corporate financial markets work and how MultiNational Enterprises (MNEs) tap international markets for raising capital, hedging risks and defining their investment decisions.

The general contents are:

- Overview of market risks, international monetary systems and institutions.
- Theoretical determinants of currency prices and equilibrium conditions, determination of currency prices.
- Hedging currency and interest rate risks: instruments and strategies.
- Raising capital in international markets: international Bond and equity markets
- The international cost of capital.
- Political risk and its impact on corporate financial decisions.

Prerequisites

Undergraduate courses C15.0002 (Foundations of financial markets) and C45.0011 (Global Business environment) are prerequisites for this course.

Grading

Students will be required to complete three in-class exams contributing 25% each to the final grade. Each exam will be a 25 multiple choice questions test. Exercises will be assigned and graded contributing up to 15% to the final grade. Additionally students will be required to participate in the FX trading game which will contribute 10% to the final grade. Game participation is mandatory.

Textbook and teaching material

Eun, Resnick, *International Financial Management*, Fourth Edition (Fifth if available), McGraw-Hill
Book resources include online exercise and self-assessment tools. Some topics will require additional materials such as research papers, journal articles and financial press' reports, which will be handed out through the course blackboard. Slides and teaching material will be posted on the course blackboard.

Office hours and contacts

TBD

TENTATIVE CLASS SCHEDULE

Week/ session number	Topic	Readings	Topic	Readings
I/1-2	Course presentation, topics overview, FX Game	ER 1	International trade, global financial markets and institutions	ER 1-11
II/3-4	International Monetary System	ER 2	Balance of Payments	ER 3
III/5-6	Foreign exchange markets: participants, spot and forward markets	ER 5	Parity conditions and the PPP theory: evidence and deviations	ER 6
IV/7-8	International Parity Conditions (1)	ER 6	International Parity Conditions (1)	ER6
V/9-10	Spot rate forecasting	ER 6	Test #1	
VI/11-12	Currency futures	ER 7	Currency Options: option fundamentals	ER 7
VII/13-14	Currency and interest option pricing (1)	ER 7	Currency and interest option pricing (2)	ER 7
VIII/15-16	Greeks, volatility and option strategies	ER 7	Interest rate swaps	ER 14
IX/17-18	Currency Swaps	ER 14	Test #2	-
X/19-20	Raising capital in international markets	ER 11-12	International Bond markets	ER 12
XI/21-22	International Equity markets	ER 13	Financial management of the international firm: political risk and investments	ER 15
XII/23-24	Calculating cost of capital for MNEs and international investments	ER 17	Calculating cost of capital for MNEs and international investments	Handout
XIII/25-26	Managing exposure to financial risks: transaction and economic exposure	ER 8-9	Managing exposure to financial risks: translation exposure	Er 10
XIV/27-28	International Taxation	ER 21	Open issues in International Financial Management	Handout
Test #3				