

University of Florida
Warrington College of Business
International Finance, Spring 2022 (10-week)

Professor: Andy Naranjo, John B. Hall Professor of Finance and Chairman,
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Office Location: 309C Stuzin Hall (in suite 309)

Course EMAIL Address: use course site email in Canvas

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Required Text:

- Eun and Resnick, *International Financial Management*, 2021 (9th Edition)
- XanEdu Course packet
- Harvard Cases

Course Description:

This course is designed to provide an introduction to international finance. In particular, this course covers foreign exchange markets, international capital markets, international investing, foreign direct investment, and some risk management issues. The emphasis is 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 analytical, quantitative, and writing components throughout.

Course Requirements and Evaluation:

All readings in the attached course outline are required. The course lectures also provide coverage of key concepts and supplemental issues. The lectures are generally broader in scope, with the course readings and assignments covering specific details. Taken together, the course readings, lectures, and assignments serve as a strong foundation for understanding international finance.

There is a total of 1,010 possible points that can be earned during the term. These points are distributed across *two* group homework assignments, *one* group project (with two incremental submissions and a final submission), a final exam, course special topics bulletin board participation throughout the term, and *two* online extra credit quizzes. The two group homework assignments are worth 150 points each, for a total of 300 possible points. The group project is worth 300 points, which is broken down into 20 points for the first group project related submission (i.e., detailed outline), 40 points for the second group project related submission (i.e., complete rough draft), and 240 points for the final group project submission. The final exam is worth 300 points. The course special topics bulletin board participation is worth 100 points. The two online extra credit quizzes are worth a maximum of 5 points each, for a total of 10 possible points. Please note that these are the only extra credit points that can be earned during the term. The group homework assignments, course project, course lecture material, readings, and quizzes should assist you in preparing for the final exam. The group homework assignments will consist of some end-of-chapter problems from the course text, additional supplemental problems, and cases. Note that your group homework assignment and group project grades will also be determined by your group members' evaluation of your contribution (please see the group evaluation grade information section on the next page for details).

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

<u>Grade</u>	<u>Accumulative Course Points</u>
A	925 – 1,015
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

Late Submission Policy:

Late submission of course material will be penalized as follows:

- 1-day late: -20% of grade
- 2-days late: -30% of grade
- 3-days late: -40% of grade
- 4+ days late: -100% of grade (zero for the assignment)

Please notify me **well in advance** if there are any **extremely** extenuating circumstances.

Group Evaluation Grades:

Part of your group assignment grades (both group homework assignments and project) will be determined by your group members' evaluation of your contribution. In particular, after your final group project submission, 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.

Online Extra Credit Quizzes:

There are two online extra credit quizzes that will be accessible during portions of the term. These quizzes are not group quizzes. To receive any credit, these quizzes must be done individually. Each of the quizzes will essentially cover the chapters corresponding to each of the group HW assignments. There are 20 multiple choice questions for each quiz, you have 2 hours to complete each quiz, and you can use your book/notes during the quiz. Each quiz will be worth a maximum of 5 points, for a total of 10 possible extra credit points. These points will be added to your accumulative course points at the end of the term. Please note that these are the only extra credit points that you can earn during the term. For each quiz, the extra credit points that you earn will be determined as follows:

<u>% Correct Answers on Quiz</u>	<u>Points Earned</u>
90% and greater	5
80-89%	4
70-79%	3
60-69%	2
50-59%	1
Below 50%	0

Course Assignment Due Dates:

Please note that all the due date times below correspond to Eastern Standard Time in the U.S.

Group Homework Assignments (300 points total; 150 points each):

HW # 1: Saturday, January 29th by midnight

HW # 2: Saturday, February 26th by midnight

Group Project (300 points total; incremental points detailed below):

PRJ #1 (detailed outline of project): Saturday, December 18th by midnight (20 points) – note that this is due before the winter holiday break

PRJ #2 (complete **rough draft** of project): Saturday, January 29th by midnight (40 points) – note that this is due with HW #1

PRJ #3 (Final Project Manuscript): Saturday, February 26th by midnight (240 points) – note that this is due with HW #2

Final Exam (300 points):

- Opens: Saturday, March 5th at 9:30 am EST
- Closes: Saturday, March 5th at 1:30 pm EST
- **Important Exam Note: students must start the exam no later than Saturday, March 5th at 11:45 am EST**
 - Final Exam: Closed book and Closed note; 300 total points -- 30 multiple choice questions worth 10 points each; total exam time is 90 minutes

Special Topics Bulletin Board (100 points):

- Throughout the term – closes on Saturday, February 26th at midnight

Online Extra Credit Quizzes (5 points each):

1. Opens December 12th and closes Saturday, January 29th at midnight
2. Opens January 30th and closes Saturday, February 26th at midnight

Brief Description of 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 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 project, please see the comprehensive country analysis project document describing the project.

Discussion Boards:

There are two main class discussion bulletin boards accessible during portions of the term: an *assignment help board* and a *special topics board*. The assignment help bulletin board is accessible during each of the course group assignments and should be utilized to clarify *group oriented* assignment questions. Group assignment clarification questions should be *first* discussed within each group and then on the assignment help board if necessary. I will respond to assignment help bulletin board questions within 48 hours, though often much sooner.

During the term, I will also post some current event and related current course topic issues on the *special topics discussion bulletin board*. Discussions on the special topics bulletin board will last for 1 week for every topic. Note that participation in the course special topics bulletin board is worth 100 points of your final course grade. The special topics bulletin board will close on Saturday, February 26th at midnight. The final course points you earn for the special topics bulletin board will be determined by your meaningful participation throughout the term (i.e., you should submit 1 or more on topic and substantive posts per each topic, per week throughout the term – at least one post per week for every topic). Your post can be a new thread or a follow-on response to one of your cohort's posts. New and responding threads are weighted exactly the same. Once the board is closed, it cannot be reopened.

Additional Office Hours: In addition to the assignment help board, I can be reached via email or phone as shown on the first page of this syllabus.

Other Miscellaneous University Issues:

1. Document Retention Policy:
Student course material will be retained for 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 Regulations (4.040) - 6C1-4 Student Affairs, 6C1-4.041 Student Affairs: Academic Honesty Guidelines (e.g., cheating, plagiarism, consultation...). The following website contains some details covering the above issues: <http://regulations.ufl.edu/chapter4/4040.pdf>.

Regrade Policy:

To insure that all students are treated equally and fairly 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 and other end-of term submitted material).

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.

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. Note that all regrades are based off of your earned points. Any final course adjustment points will not be included in a regrade. Also, please note that regrading of your material and non-sense cases can result in your course grade being lowered once all of your graded course material has been re-evaluated.

Course Overview

Module 1: Introduction to International Finance

Module 2: Foreign Exchange Foundations, Markets, and Determination

Module 3: International Financial Markets and Investments

Detailed Course Outline

December 12th – December 18th: Week 1

- I. Review Course Material (Intro, Syllabus, Assignments and Course Website) and Complete Course Project Assignment #1 (PRJ #1)
 - Carefully review course introduction and items therein, including course announcements
 - Carefully review the Course Group Project and Complete Assignment PRJ#1

Course Project (PRJ #1) Assignment Due:

- ◆ Detailed Outline of Course Project (PRJ #1) Due Sat., December 18th by midnight

December 19th – January 1st: Winter Holiday Break

January 2nd – January 8th: Week 2

Module 1: Introduction to International Finance

Module # 1 Introduction Lecture: Introduction_International_Finance

- I. Overview of International Finance
 - Lecture: Overview_International_Finance*
 - Eun and Resnick: Chapter 1*
 - Harvard Note: Country Analysis in a “Global Village”*
 - Case Lecture -- Harvard Case Introduction: Brazil: Embracing Globalization*
(Case Intro Brazil)
 - Harvard Case: Brazil: Embracing Globalization*
- II. Corporate Governance Issues
 - Lecture: Corp_Gov_Issues*
 - Eun and Resnick: Chapter 4*
 - Video Segment #1: Edelman*

January 9th – January 15th: Week 3

Module 2: Foreign Exchange Foundations, Markets, and Determination

Module #2 Introduction Lecture: Intro_FX_Foundations

- I. The International Monetary System
 - Lecture: The_International_Monetary_System*
 - Eun and Resnick: Chapter 2*
 - Harvard Note: Exchange Rate Regimes*
 - Video Segment #2: Banking on the Euro*
 - Video Segment #3: Mexican Crisis*
 - Video Segment #4: Asian Crisis Part I*
 - Video Segment #5: Asian Crisis Part II*

January 16th – January 22nd: Week 4

III. The Foreign Exchange Market

Lecture: FX_Market

Eun and Resnick: Chapter 5

Harvard Note: Foreign Exchange Markets and Transactions

January 23rd – January 29th: Week 5

IV. Foreign Exchange Rate Parity Relations and Determination

Lecture: FX_Rate_Parity

Eun and Resnick: Chapter 6

Video Segment #6: Economic Depression and Macroeconomics

Video Segment #7: Hyperinflation

Video Segment #8: Stagflation

Video Segment #9: Reagan and Volcker

Video Segment #10: Greenspan

HW #1 and Course Project (PRJ #2) Assignments Due:

- ◆ 1st Group Homework Assignment (HW #1) Due Sat., January 29th by midnight
- ◆ Complete Rough Draft of Course Project (PRJ #2) Due Sat., January 29th by midnight

January 30th – February 5th: Week 6

Module 3: International Financial Markets and Investments

Module #3 Introduction Lecture: Intro_Int_Finance_Markets

I. International Banking and Money Market

Lecture: Int_Banking_Money_Markets

Eun and Resnick: Chapter 11

Video Segment #11: Medley

Video Segment #12: Glossman

II. International Bond Markets

Lecture: Int_Bond_Markets

Eun and Resnick: Chapter 12

Case Lecture -- CAB Case Introduction: Mortgage Securitization in Hong Kong and Asia (Case Intro Mort Sec Hong Kong Asia)

CAB Case: Mortgage Securitization in Hong Kong and Asia

February 6th – February 12th: Week 7

III. International Equity Markets

Lecture: Int_Equity_Markets

Eun and Resnick: Chapter 13

Case Lecture -- Ivey Case Introduction: Huaneng Power International Inc.: Raising Capital in Global Markets (Case Intro Huaneng Power)

Ivey Case: Huaneng Power International Inc.: Raising Capital in Global Markets

February 13th – February 19th: Week 8

IV. International Portfolio Investments

Lecture: Int_Investments

Eun and Resnick: Chapter 15

Video Segment #13: New Economy

Video Segment #14: Siegle and Bubble

February 20th – February 26th: Week 9

V. Foreign Direct Investment

Lecture: Foreign_Direct_Investment

Eun and Resnick: Chapter 16

Video Segment #15: Protectionism

Video Segment #16: China and the Tigers

HW #2 and Course Project (PRJ #2) Assignments Due:

- ◆ 2nd Group Homework Assignment (HW #2) Due Sat., February 26th by midnight
- ◆ Final Course Project Manuscript (PRJ #3) Due Sat., February 26th by midnight

February 27th – March 5th: Week 10

I. Course Exam: Finish Preparing for the Course Exam

Final Exam: Saturday, March 5th

◆ Final Exam: Closed book and Closed note; 300 total points -- 30 multiple choice questions worth 10 points each; total exam time is 90 minutes

- Opens: Saturday, March 5th at 9:30 am EST
- Closes: Saturday, March 5th at 1:30 pm EST

Important Exam Note: students must start the exam no later than Saturday, March 5th at 11:45 am EST