

**SYLLABUS**  
**MBAX 6230: INTERNATIONAL FINANCIAL MANAGEMENT**  
**SPRING SEMESTER 2008**  
**LEEDS SCHOOL OF BUSINESS**  
**TR 3:30 PM – 4:50 PM KOBL 375**

**Professor Mattias Nilsson**

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**Office Hours: Tuesdays, Wednesdays & Thursdays 1:30 - 2:45, or by appointment**

Announcements and resources will be posted on the *Blackboard* web page for this course. Please check it regularly.

**COURSE DESCRIPTION:**

This course will cover issues related to both international financial markets and the financial management of a firm within the international environment. The first part of the course will examine issues related to the globalization of international markets, the international monetary system, comparative corporate governance, foreign exchange markets and exchange rate determination. It will also examine international financial markets, including international banking, bond and equity markets. The second part of the class will deal with various financial issues associated with the operations of investors and firms in the international environment. Specifically, this part of the course will focus on management of foreign exchange rate risk exposure, international portfolio management, foreign direct investment, firms' cost of capital for international projects, international capital budgeting, and taxation of international income. While the course delves into the theory behind the various issues, it also relies on empirical evidence and discussion of investors' and firms' real world activities.

**REQUIRED TEXT BOOK:**

*International Financial Management*, by Eun and Resnick, Irwin, 4<sup>TH</sup> edition, 2007

**OTHER REQUIRED READING:**

Various journal and newspaper articles assigned throughout the course

**CLASS FORMAT:**

This course uses a combination of lectures, individual problem solving, class discussion, and group projects. I will expect you to have read through the chapters covered in each lecture *prior* to the class (see the schedule below). The lecture notes will typically be posted on *Blackboard* ahead of each lecture, although occasionally they may not be posted until after the lecture. No paper copies of the notes will be distributed. Please note that the notes are not comprehensive in the sense that they cover everything that will be brought up in class.

I will now and then post links to relevant newspaper and journal articles on the course webpage ahead of lectures. Unless they are posted less than 24 hours ahead of a lecture, I expect you to carefully read any such articles before coming to class. Many of these articles will be discussed in class and also be part of the required literature for the exams. To help with your studies, I will post answers to the end-of chapter problems in the text book after each chapter has been gone through in class. I will later post a list of problems I find particularly useful for each chapter. I highly encourage you to work on these problems as it will increase your understanding of the material.

## **COURSE EVALUATION:**

### Individual assignments

There will be three individual assignments. They will be mini-cases from the textbook and/or discussion of articles. Each assignment may cover more than one mini-case/article. You will be required to write a brief and concise memo summarizing your results and to provide an appendix showing calculations, graphs, or other supporting material. Further details will be given in class.

### Country report

This is a group assignment in three parts. Groups of 2-3 students should form by the beginning of the second week of classes. Each group will be assigned a country to study. The report will be in the form of a mock-consultancy report, where you are analyzing the prospects of setting up a manufacturing plant for a fictional US-based corporate client. The report will be broken into three main areas of issues, and each group will present their results for each of these parts in class and also hand intermediary reports for the first two parts as well as a final report (see the course schedule below). The idea behind the country report is that you will get a deeper understanding of the issues brought up in the lectures by conducting an in-depth study of these issues for a particular country. Further details will be given in class.

### Exams

There will be one midterm exam and one final exam. The midterm exam will deal with all the material of the first half of the course. The midterm exam date is February 28 and is in class. The final exam will be a comprehensive exam covering the entire course, but the main emphasis will be on the final half of the course. The final exam is on Thursday, April 24, 2:00 PM – 5:00 pm, in KOBL 375. Further details will be given in class.

Your final grade for this course will be based on the following weights:

- Individual assignments: 15% (5% each)
- Country report, part 1 (includes evaluation of presentation): 10%
- Country report, part 2 (includes evaluation of presentation): 10%
- Final country report (includes evaluation of presentation of the third part): 15%
- Midterm exam: 20%
- Final exam: 30%

In case you are forced to miss an exam, a make-up may be possible. Requests for a make-up must be made in writing and should include relevant supporting documentation. Such requests must be submitted before the exam date except in the case of a medical or family emergency. Conflicts with your work schedule or having assignments due or exams in other classes are not examples of valid excuses.

Late individual assignments and country reports will not be accepted.

**TENTATIVE COURSE SCHEDULE:**

*Note: This course schedule provides a general plan for the course. Deviations may be necessary and announced during class and/or on the course website. Students are responsible for keeping up-to-date as new announcements are made.*

Week	Class	Date	Topics
1	Lecture 1	01/15/08 <i>Tuesday</i>	Introduction; Ch 1: Globalization and the Multinational Firm
	Lecture 2	01/17/08 <i>Thursday</i>	Ch 2: International Monetary System
2	Lecture 3	01/22/08 <i>Tuesday</i>	Ch 2: International Monetary System <i>continued</i> ; Ch 3. Balance of Payments
	Lecture 4	01/23/08 <i>Thursday</i>	Ch 3. Balance of Payments; Ch 4: Corporate Governance around the World
3	Lecture 5	01/29/08 <i>Tuesday</i>	Ch 4: Corporate Governance around the World <i>continued</i> Ch 5: The Market for Foreign Exchange
	Lecture 6	01/31/08 <i>Thursday</i>	Ch 5: The Market for Foreign Exchange <i>continued</i> Ch 6: International Parity Relationships and Forecasting Exchange Rates
4	Lecture 7	02/05/08 <i>Tuesday</i>	Ch 6: International Parity Relationships and Forecasting Exchange Rates <i>continued</i>
	Lecture 8	02/07/08 <i>Thursday</i>	<i>Individual assignment #1 due in class</i> ; Discussion of assignment; Discussion of current events
5	Lecture 9	02/12/08 <i>Tuesday</i>	Ch 11: International Banking and Money Market
	Lecture 10	02/14/08 <i>Thursday</i>	<i>Country report, part I due in class</i> Presentation of country reports, part I
6	Lecture 11	02/19/08 <i>Tuesday</i>	Ch 11: International Banking and Money Market <i>continued</i> ; Ch 12: International Bond Markets
	Lecture 12	02/21/06 <i>Thursday</i>	Ch 12: International Bond Market <i>continued</i> ; Ch 13: International Equity Markets
7	Lecture 13	02/26/06 <i>Tuesday</i>	Example problems; Review before exam
	Exam	02/28/06 <i>Thursday</i>	<b>Midterm exam</b> (in class)
8	Lecture 14	03/04/08 <i>Tuesday</i>	Ch 8: Management of Transaction Exposure
	Lecture 15	03/06/08 <i>Thursday</i>	Ch 8: Management of Transaction Exposure <i>continued</i> ; Ch 9: Management of Economic Exposure
9	Lecture 16	03/11/08 <i>Tuesday</i>	Ch 10: Management of Translation Exposure; Ch 15: International Portfolio Investment
	Lecture 17	03/13/08 <i>Thursday</i>	<i>Individual assignment #2 due in class</i> ; Discussion of assignment ; Ch 15: International Portfolio Investment <i>continued</i>
10	Lecture 18	03/18/08 <i>Tuesday</i>	Ch 16: Foreign Direct Investment and Cross-Border Transactions
	Lecture 19	03/20/08 <i>Thursday</i>	<i>Country report, part II due in class</i> Presentation of country reports, part II

11	<i>No classes: Spring Break!</i>		
12	Lecture 20	04/01/08 <i>Tuesday</i>	Ch 17: International Capital Structure and the Cost of Capital
	Lecture 21	04/03/06 <i>Thursday</i>	Ch 18: International Capital Budgeting
13	Lecture 22	04/08/08 <i>Tuesday</i>	Ch 19: Multinational Cash Management Ch 21: International Tax Management
	Lecture 23	04/10/08 <i>Thursday</i>	<i>Individual assignment #3 due in class;</i> Discussion of assignment Discussion of current events
14	Lecture 24	04/15/08 <i>Tuesday</i>	Ch 20 International Trade Finance ; Review before the exam
	Lecture 25	04/17/08 <i>Thursday</i>	<i>Final Country report due in class</i> Presentation of country reports, part III
15	Exam	04/24/08 <i>Thursday</i>	<b>Final Exam 2:00 – 5:00 PM KOBL 375</b>

## USEFUL WEB SITES :

1. Real Time Financial/Business News and Financial Data  
<http://www.bloomberg.com/>
2. On Line International Business Commentary  
<http://www.cnb.com/business/international/fxupdate.asp>
3. On Line Business/Finance Commentary  
<http://w3.cantos.com/cantos/dyn/main.php?t=a>
4. Real Time Foreign Exchange Quotes (spot rates)  
<http://www.fxstreet.com/rates-charts/forex-charts/>
5. Real Time Spot and Forward Exchange Rates  
<http://www.ozforex.com/cgi-bin/spotrates.asp>
6. Historical Foreign Exchange Rates  
Data and Charts: <http://fx.sauder.ubc.ca/>  
Daily and Weekly Rates: <http://www.federalreserve.gov/releases/h10/update/>  
Monthly and Annual Rates: <http://www.federalreserve.gov/releases/g5/current/>
7. Bank for International Settlements Triennial Foreign Exchange Market Surveys  
<http://www.bis.org/triennial.htm>
8. United States and Foreign Stock Markets  
<http://finance.yahoo.com/intlindices?u>  
<http://www.wallstreetsoftware.com/stocks.html>
9. American Depository Receipts  
<http://www.adr.com/>
10. Foreign News  
Japan: <http://www.japantimes.co.jp/>  
United Kingdom: <http://www.timesonline.co.uk/tol/global/>  
China: <http://www.chinadaily.com.cn/>
11. Links to Major Central Banks  
United States: <http://www.federalreserve.gov/>  
United Kingdom: <http://www.bankofengland.co.uk/>  
European Central Bank: <http://www.ecb.int/home/html/index.en.html>  
Japan: <http://www.boj.or.jp/en/index.htm>  
China: <http://www.pbc.gov.cn/english/>
12. Links to All Central Banks  
<http://www.bis.org/cbanks.htm>
13. Bank for International Settlements (Including BIS data links)  
<http://www.bis.org/>
14. Links to Business News  
<http://news.bbc.co.uk/1/hi/business/>  
<http://www.reuters.com/business>
15. Country Background Notes and Country Corruption Measures  
<http://www.transparency.org/>  
<http://www.state.gov/r/pa/ei/bgn/>
16. European Union  
<http://www.eurunion.org/infores/euindex.htm>
17. Interactive Map of the European Union (with country data)  
[http://www.nationsonline.org/oneworld/europe\\_map.htm](http://www.nationsonline.org/oneworld/europe_map.htm)
18. Report on US Intervention in Foreign Exchange Markets  
<http://www.ny.frb.org/markets/foreignex.html>
19. IMF Global Finance Reports  
<http://www.imf.org/external/pubs/ft/gfsr/index.htm>
20. National Currency Notes (Pictures of foreign currency notes)  
<http://aes.iupui.edu/rwise/notedir/mappage.html>

## **OTHER IMPORTANT POLICIES:**

### Responsible behavior

Students and faculty each have responsibility for maintaining an appropriate learning environment. Students who fail to adhere to such behavioral standards may be subject to discipline. Faculty have the professional responsibility to treat all students with understanding, dignity and respect, to guide classroom discussion and to set reasonable limits on the manner in which they and their students express opinions. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. See policies at <http://www.colorado.edu/policies/classbehavior.html> and at [http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student\\_code](http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code)

### Academic integrity

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council ([honor@colorado.edu](mailto:honor@colorado.edu); 303-725-2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at <http://www.colorado.edu/policies/honor.html> and at <http://www.colorado.edu/academics/honorcode/>

### Disability accommodations

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. Contact: 303-492-8671, Willard 322, and <http://www.Colorado.EDU/disabilityservices>. Disability Services' letters for students with disabilities indicate legally mandated reasonable accommodations. The syllabus statements and answers to Frequently Asked Questions can be found at: <http://www.colorado.edu/disabilityservices>

### Discrimination and sexual harassment

The University of Colorado at Boulder policy on Discrimination and Harassment, the University of Colorado policy on Sexual Harassment and the University of Colorado policy on Amorous Relationships apply to all students, staff and faculty. Any student, staff or faculty member who believes s/he has been the subject of discrimination or harassment based upon race, color, national origin, sex, age, disability, religion, sexual orientation, or veteran status should contact the Office of Discrimination and Harassment (ODH) at 303-492-2127 or the Office of Judicial Affairs at 303-492-5550. Information about the ODH, the above referenced policies and the campus resources available to assist individuals regarding discrimination or harassment can be obtained at <http://www.colorado.edu/odh>.

### Religious observance

Campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. I will make every effort to provide accommodation for students who, because of religious obligations, have conflicts with scheduled exams or assignments. The schedule for these requirements is contained in this syllabus, and is available in its most updated form on the course webpage. Please notify me in advance of any such conflict so that we may devise an appropriate solution. [http://www.colorado.edu/policies/fac\\_relig.html](http://www.colorado.edu/policies/fac_relig.html)