




International Finance

FNCE316

Fall 2020 (August 31, 2020- December 22, 2020)

Instructor:	Paul Yan
Contact Information:	Email: pyan@geneseo.edu Phone: (585) 245-5260 Office: South 223C
Lecture Hours/Location:	TR:10:00am-11:15am @ Newton Lecture Hall 204
Office Hours/Location:	TR: 2:00pm-4:00pm Or by appointment @ South 223C Or via Zoom meeting
Prerequisites:	FNCE 311 and junior or senior status.
Textbook:	International Financial Management, Jeff Madura, 14th Edition, <i>South-Western Cengage Learning</i> , 2020
Websites:	https://www.geneseo.edu/cit/canvas (for syllabus, HW, readings, etc.) http://datayyy.com/excel (for learning Excel) http://datayyy.com/if/
QR codes	
Online learning	http://datayyy.com/if/ Note: students can take this course 100% online.
Course Description:	Course Description The course is designed to develop fundamental concepts in international financial management. Topics to be covered include the international financial environment, exchange rate behavior, exchange rate risk management, long-term asset and liability management, and short-term asset and liability management. The objective of the course is to develop a comprehensive understanding of the key concepts of international financial management and to learn how to apply the knowledge in the real world.
Computational Tool	Microsoft Excel, every student should polish his/her Excel skills. Ask me if you have any questions related to Excel and my Excel learning site is http://datayyy.com/excel/
R is used to help students to learn this course	To install R, you can watch one of the following YouTube videos: Windows users: https://www.youtube.com/watch?v=ZoPJGmpYJzw Mac users: https://www.youtube.com/watch?v=WJDrYUqNrHg
One-line R command	<code>source("http://datayyy.com/if.txt")</code> Note #1: I will explain the above line during the first lecture. Note #2: For this course, I will NOT teach R. Literally, students are responsible for the above one-line of R code. Note #3: R is case sensitive. Thus, when issuing the above line, pay attention to your spelling.
	School of Business Mission Students acquire strong quantitative, analytical, and communication skills while preparing for professional success in today's

	complex business environment. We strive for teaching excellence and recognize that high-quality faculty scholarship and professional activities advance the impact we have on practice, pedagogy, and our knowledge of business.														
Attendance Policy:	Attending classes regularly is required. Before-class preparation and in-class participation is an integral part of this course. Students are strongly encouraged to participate in class discussions and ask questions. Students are encouraged to discuss current events relevant to this course or their own experiences. Homework problems are regularly assigned.														
Bachelor of Science Program Learning Goals	LG1: Our students will have strong analytical skills LG2: Our students will have strong quantitative skills LG3: Our students will have effective communications skills LG4: Our students will have a thorough understanding of various functional areas of business														
Course Learning Objectives	After successfully completing this course, students are expected to demonstrate their ability to: • Describe the characteristics of international financial markets (LG1) • Understand the determinants of exchange rate (LG1) • Understand asset and liability management from multinational corporation’s perspective (LG1) • Understand the concepts of arbitrage, interest rate parity, purchasing power parity, and international fisher effect. (LG1, LG2) • Apply the theories of international finance to many business applications. (LG3, LG4)														
Grade Evaluation:	<table> <tr> <td>Data cases</td> <td>25%</td> </tr> <tr> <td>Quizzes</td> <td>20%</td> </tr> <tr> <td>Final</td> <td>25%</td> </tr> <tr> <td>Final Project</td> <td>20%</td> </tr> <tr> <td>Class Participation</td> <td>10%</td> </tr> <tr> <td>-----</td> <td>-----</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> </table>	Data cases	25%	Quizzes	20%	Final	25%	Final Project	20%	Class Participation	10%	-----	-----	Total	100%
Data cases	25%														
Quizzes	20%														
Final	25%														
Final Project	20%														
Class Participation	10%														
-----	-----														
Total	100%														
Homework	Homework will be assigned but not collected. The understanding and practicing of homework are critical to good performances in quizzes and the subsequent exams. So, it is important that you spend time on the homework on a regular basis. Homework assignment will be uploaded to canvas, the web based class platform on a regular basis throughout the semester.														
Quizzes	Three quizzes are designed to help students stay up-to-date with the materials and prepare for the exams. Each quiz will be given prior to the upcoming exam. The types of questions in the quizzes are very similar to the questions in the homework assignment. There will be no make-up quizzes.														
Exams	Three exams will be given throughout the semester. The types of questions in the exams are similar to the questions in homework assignment. Make-up exams will be given only in the case of a documented medical or other emergency.														
Accommodations	SUNY Geneseo will make reasonable accommodations for persons with documented physical, emotional, or cognitive disabilities. Students who need reasonable accommodations can consult with the Office of Disability Services in Erwin 22 (disabilityservices@geneseo.edu or 585-245-5112) for any needed accommodations. Students with accommodation letters should contact the instructor as early as possible in the semester to discuss specific arrangements.														
Academic calendar	https://www.geneseo.edu/registrar/fall-2020														

Group project

Each group can have up to three members. A topic should be closely associated with this course. After the midterm, I will distribute a list of potential topics. In addition, you can choose your own topic. Real world

topics are especially encouraged. Please discuss with me your topic before you start to work on it. Three parts are essential:

- 1) The maximum number of pages of your report is 15 with 12-point font.
(MS Word or PowerPoint file will be fine)
- 2) Theory and background of the topic,
- 3) Final data set plus an excel file, and the source of raw data

Course Schedule:

Week	Date	Contents of the lecture	Notes
1	9/1 9/3	Self-introduction & syllabus discussion Chapter 1: Introduction & Multinational Financial Management: An Overview, R installation and Excel basics	
2	9/8 9/10	Chapter 2: International Flow of Funds	
3	9/15 9/17	Chapter 3: International Financial Markets	Data Case #1
4	9/22 9/24	Chapter 4: Exchange Rate Determination	Data Case #2
5	9/29 10/1	Quiz 1 (chapters 1-4) Chapter 5: Currency Derivatives	
6	10/6 10/8	Chapter 5	Data Case #3
7	10/13 10/15	Chapter 6: Government Influence on Exchange Rates &	
8	10/20 10/22	Chapter 7: International Arbitrage and Interest Rate Parity	Data Case #4

Week	Date	Contents of the lecture	Files
9	10/27 10/29	Quiz 2 Chapter 8: Inflation, Interest Rates and Exchange Rates	Data Case #5?
10	11.3 11/5	Chapter 9: Forecasting Exchange Rates/Measuring Exposure to Exchange Rate Fluctuations	Discuss a term project topic
11	11/19 11/12	Chapter 10: Measuring Exposure to Exchange Rate Fluctuations	Discuss a topic
12	11/17 11/19	Chapter 11: Managing Transaction Exposure Chapter 16: Country Risk Analysis	Discuss a topic
13	11/24 11/26	Quiz 3 Thanksgiving Break - No Classes	
14	12/1 12/3	Chapter 17: Multinational Capital Structure and Cost of Capital Chapter 18 Long-Term Debt Financing	Discuss a topic?
15	12/8 12/10	Chapter 19: Financing International Trade Chapter 20: Short-Term Financing	
	12/15 12/17	Student presentations (or backup) Final? (12/16 to 12/22 Final exam period)	
	Final	TBA	

Academic calendar: <https://www.geneseo.edu/registrar/fall-2020>

Appendix A: One-line of R code for this course.

```
source("http://datayyy.com/if.txt")
```

After launching R and typing the above line, the following menu will pop up.

```
*-----*
* International Finance (FNCE316)           2020 by Yan *
*-----*
* .c1 Overview (Multinational Fin Management) *
* .c22 R basics [optional]                  *
*-----*
* >.c1      # go to chapter 1 (a dot in front c1) *
* >.c22     # go to chapter 22                  *
* >.uu      # for utility functions             *
* >.if      # back to the main menu            *
*-----*
```

Every function or menu is self-explanatory. Typing its name would give you an introduction plus a few examples.

Appendix B: After typing `.c1`, (note that there is a dot in front of `c1`), we see the following instructions.

```
> .c1
function(i){
" i Chapter 1: Overview (Multinational Financial Management)
- -----
 1 R installation/one line R code for this course
 2 Textbook and Zoom for potential online office hours
 3 Chapter 1 - Chapter 1 - Overview
 4 Managing the MNC
 5 Agency problem
 6 SOX Methods to Improve Reporting
 7 Management Structure of MNC
 8 2 images (??)
 9 Why MNCs Pursue International Business
10 Theory of Competitive Advantage
11 Imperfect Markets Theory
12 Product cycle theory (Exhibit 1.2.):
13 How Firms Engage in International Business
14 Joint Ventures
15 Establishment of New Foreign Subsidiaries
16 Valuation Model for an MNC (1 of 6)
17 Multinational Model
18 Uncertainty Surrounding MNC Cash Flows (Exhibit 1.4)
19 How Uncertainty Affects the M N C's cost of Capital
20 Organization of the Text (Exhibit 1.6)
21 Summary

Example #1:>.c1      # see the above list
Example #2:>.c1(1)  # see the 1st explanation
```

Appendix C: After typing .uu, the following menu will pop up.

```
> .uu
function() {
"
*-----*
* Utilities      -- short-cut --      *
*-----*
* .calendar      # .cal                 *
* .allChapters   # .all                 *
*-----*
* >.ice          # see a list of ice    *
* >.uu           # back to utilites     *
* >.if           # back to main menu    *
*-----*
```