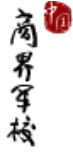




**PHBS**  
北京大学汇丰商学院



## Course Code International Finance Module 2, 2021-2022

### Course Information

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**Instructor: Steven Chong Xiao**

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Office Hour: Wednesday & Thursday 2:00pm-4:00pm

**Teaching Assistant:**

Phone:

Email:

**Classes:**

Lectures: Monday & Thursday 10:30am-12:20pm

Venue: PHBS Building, Room

**Course Website:**

Course Management System

## 1. Course Description

### 1.1 Context

Course overview: This course extends the principles of finance to an international setting. International finance differs from purely domestic finance in at least two important ways. First, firms and individuals operating in an integrated world economy face the risk of fluctuating exchange rates. Second, international capital markets are highly imperfect, reflecting various barriers to cross-border capital flows, such as excessive transaction costs, information asymmetry, and legal/institutional regulations of foreign exchange and capital markets. Throughout the course the emphasis is on how to deal with exchange risk and market imperfections using various instruments and techniques available while maximizing the benefits from the expanded global opportunity set. Major topics of the course include foreign exchange markets (spot, forward and options), determination and forecasting of the exchange rates, foreign exchange risk management, international portfolio investments, international asset pricing, and basic arbitrage equilibrium conditions holding in international financial markets.

Prerequisites: Students are required to have completed the prerequisite courses, as specified by PHBS.

### 1.2 Textbooks and Reading Materials

International Financial Management by Cheol Eun and Bruce Resnick and Tuugi Chuluun, 9th Edition (Reference only)

## 2. Learning Outcomes

### 2.1 Intended Learning Outcomes

| Learning Goals   | Objectives  | Assessment (YES with details or NO) |
|--|---|-------------------------------------|
| 1. Our graduates will be effective communicators.                          | 1.1. Our students will produce quality business and research-oriented documents.  | Yes                                 |
|  | 1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.  | Yes                                 |
| 2. Our graduates will be skilled in team work and leadership.              | 2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.   | Yes                                 |
|  | 2.2. Students will be able to apply leadership theories and related skills.   | Yes                                 |
| 3. Our graduates will be trained in ethics.                                | 3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it. | Yes                                 |
|  | 3.2. Our students will practice ethics in the duration of the program.  | Yes                                 |
| 4. Our graduates will have a global perspective.                           | 4.1. Students will have an international exposure.  | Yes                                 |
| 5. Our graduates will be skilled in problem-solving and critical thinking. | 5.1. Our students will have a good understanding of fundamental theories in their fields.   | Yes                                 |
|  | 5.2. Our students will be prepared to face problems in various business settings and find solutions.  | Yes                                 |
|  | 5.3. Our students will demonstrate competency in critical thinking.   | Yes                                 |

### 2.2 Course specific objectives

1. Understand the concepts of exchange rate
2. Forecast exchange rate and hedge exchange rate risk using various methods
3. Develop an overview of the international financial markets
4. Understand the pros and cons of various monetary systems

### 2.3 Assessment/Grading Details

| Assessment   | Weighting   |
|--------------|-------------|
| Attendance   | 10%         |
| Assignments  | 20%         |
| Midterm Exam | 35%         |
| Final Exam   | 35%         |
| <b>Total</b> | <b>100%</b> |

**Attendance (10%):** It is important that every student attends every class, arriving on time. Attendance will be taken at the **start** of every class, and anyone not present will be marked absent. If you **come late** or **leave early** the attendance will be marked as **absent**. Your first absence with a legitimate reason and proper documentation will be excused. But two or more absences, for any reason, may negatively impact your attendance grade.

**Assignments (20%):** There will be problem sets assigned throughout the semesters. You will work on these assignments individually. The deadline will be announced each time the problem set is assigned and no late submission is accepted.

**Mid-term Exam (35%):** There will be a closed-book mid-term exam during the class of December 16<sup>th</sup>. It covers all the materials before the exam.

**Final Exam (35%):** There will be a closed-book final exam during the final week. It covers all the materials throughout the semester.

## **2.4 Academic Honesty and Plagiarism**

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

## **3. Topics, Teaching and Assessment Schedule**

| Session | Date   | Day of the week | Topics  | Readings |
|---------|--------|-----------------|---|----------|
| 1       | 18-Nov | 4               | Introduction  | Ch 1     |
| 2       | 22-Nov | 1               | International Monetary System   | Ch 2     |
| 3       | 25-Nov | 4               | Balance of Payment  | Ch 3     |
| 4       | 29-Nov | 1               | Globalization and Financial Crisis  |          |
| 5       | 2-Dec  | 4               | The Market for Foreign Exchange   | Ch 5     |
| 6       | 6-Dec  | 1               | International Parity Relationships and Forecasting Foreign Exchange Rates | Ch 6     |
| 7       | 9-Dec  | 4               | International Parity Relationships and Forecasting Foreign Exchange Rates | Ch 6     |
| 8       | 13-Dec | 1               | Review Session  |          |
| 9       | 16-Dec | 4               | Midterm Exam  |          |

|    |        |   |   |       |
|----|--------|---|---|-------|
| 10 | 22-Dec | 3 | Futures and Options on Foreign Exchange | Ch 7  |
| 11 | 23-Dec | 4 | Management of Transaction Exposure      | Ch 8  |
| 12 | 27-Dec | 1 | Management of Economic Exposure         | Ch 9  |
| 13 | 30-Dec | 4 | International Banking and Money Markets | Ch 11 |
| 14 | 5-Jan  | 3 | International Bond Market               | Ch 12 |
| 15 | 6-Jan  | 4 | International Equity Markets            | Ch 13 |
| 16 | 10-Jan | 1 | International Portfolio Management      | Ch 15 |
| 17 | 13-Jan | 4 | Interest Rate and Currency Swaps        | Ch 14 |
| 18 | 17-Jan | 1 | Review Session                          |       |