

INTERNATIONAL BUSINESS DEPARTMENT

**COURSE
NUMBER:**

IBUS 271.11

COURSE TITLE: International Business Finance

SEMESTER: SPRING 2003

COURSE

DESCRIPTION: Analysis of major issues and developments in international financial management and their impact on multinational corporations.

PREREQUISITE: MBAD 240, "World Economy," and MBAD 250, "Financial Management," or equivalents, or instructor's permission.

INSTRUCTOR:

Robert J. Weiner

Professor of International Business and International Affairs

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Office Hours: Wednesday 1-3, Thursday 3-5, & by appointment

**REQUIRED
READINGS:**

Reid W. Click and Joshua D. Coval, *The Theory and Practice of International Financial Management*, Prentice-Hall, 2002.

Course readings on PROMETHEUS

Financial Times (available by discount subscription and on the web:
www.ft.com)

COURSE

OBJECTIVES:

The basic objective is to enhance the ability of the student to evaluate the international financial and monetary framework and then to analyze and solve problems arising in the international financial operations of a firm. The course deals with the theory and practice of international financial management.

EVALUATION:	Class Participation	10%
	Midterm Exam	40%
	Final Exam	50%

The two examinations will cover material contained in the lectures, class discussions, and assigned readings (including hand-outs). Participation will be based on class attendance, contribution to class discussions, and responses to questions. In addition, you should keep up with current events in international business finance by reading the *Financial Times* (FT). The FT is available by discount subscription and on the web: www.ft.com.

IBUS 271.11: International Business Finance
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Spring 2003 Schedule

I. International Financial Environment

- 1. January 15 Introduction: The International Financial Environment**
Click and Coval (CC), Preface

- 2. January 22 The International Monetary System and Balance of Payments**
CC, Chapter 1
Eiteman, Stonehill, and Moffett, *Multinational Business Finance*, 9th ed., 2001, Ch. 2
Bank for International Settlements (BIS), *72nd Annual Report, 2001-2*
Chapter 2,3 (SKIM). (available on the BIS website):
www.bis.org/publ/ar2002e.htm

- 3. January 29 Foreign Exchange Market**
Krugman & Obstfeld, *International Economics: Theory and Policy*,
6th ed., 2003, Ch. 13
BIS, Chapter 5 (SKIM)

Optional reading Federal Reserve Bank of NY, *The Foreign Exchange Market in the United States*
www.ny.frb.org/pihome/addpub/usfxm/

- 4. February 5 Foreign Currency Futures and Options**
CC, Chapter 9.6, 9.8

Optional reading Philadelphia Stock Exchange, *Users' Guide to Currency Options*
www.phlx.com/products/guide/
Chicago Mercantile Exchange, *Basics of CME Futures and Options*
www.cme.com/getting_started/gettingstarted_basicsofcmefuturesandoptions.cfm

- 5. February 12 International Parity Conditions**
CC, Chapter 2

- 6. February 19 International Parity Conditions (continued)**

- 7. February 26 MIDTERM EXAM**

II. International Corporate Finance

- 8. **March 5** **Multinational Capital Budgeting**
 CC, Chapter 3
- 9. **March 12** **International Financing**
 CC, Chapter 4
- March 19* *Spring Break*
- 10. **March 26** **Foreign Direct Investment Strategy**
 CC, Chapter 5

III. Managing FX Risk

- 11. **April 2** **Translation Exposure**
 CC, Chapter 6 (to page 223)
- 12. **April 9** **Transaction Exposure**
 CC, Chapter 6 (from page 223)
- 13. **April 16** **Economic Exposure**
 CC, Chapter 7
- 14. **April 23** **FINAL EXAM**