

**International Financial Management  
(MGMT 474 Section 001; CRN: 43171)  
Spring 2016**

**Instructor:** Roy Caton MBA

**Class Schedule:** Tuesday and Thursday; 12:30 pm -- 1:45 pm

**Classroom:** ASM-1016

**Office Location:** TBA

**Office Hours:** by appointment.

**E-mail Address:** [vgkline@unm.edu](mailto:vgkline@unm.edu)

Phone: 505-277-3756

**Materials:**

Required

Text: Michael Moffett, Arthur Stonehill, and David Eiteman, *Fundamentals of Multinational Finance*, 5th edition.

The e-book is also available. You can search for it at [www.coursesmart.com](http://www.coursesmart.com).

**Use of Excel Required**

Calculator: Financial calculator preferred

Recommended

*The Wall Street Journal*

To get student discount go to the following website:

<http://WSJ.com/studentoffer>

**Course Description:**

This course is intended to provide an introduction to international finance and international financial management. For preparing students for ethical and responsible management, we review financial goals and corporate governance, and discuss their consequences and impacts on the society and individual careers in the domestic and international setting. The course covers foreign exchange markets and relevant financial instruments, foreign exchange exposure of multinational firms, international debt and equity markets. The concepts of managerial finance would be applied in the international setting. The case assignment and project are also used to study financial decision problems.

**Course Objectives:**

The specific objectives of this course are to obtain incremental knowledge in the following topics:

1. Current Challenges for Multinational companies on a Global scale
2. The global financial environment
3. Foreign exchange theory and markets
4. Foreign exchange rate exposure and Hedging mechanisms
5. Financial Goals and Corporate Governance
6. Financing of Global Firms: International Equity and Debt Markets
7. global cost and availability of capital
8. foreign currency derivatives including options, futures, and swap contracts
9. international economic activities and the balance of payments; current account and financial/capital account
10. currency regimes (fixed exchange rate vs. floating exchange rate); the difference between devaluation/revaluation and depreciation/appreciation.
11. International parity conditions and the links among inflation rate differential, interest rate differential, forward premium/discount, and change in spot exchange rate.
12. foreign exchange markets, spot rates, forward rates, and cross exchange rates.

**Prerequisite:** MGMT 326.

**Grading Scale:**

- A+ 97 – 100
- A 93 – 96.99
- A- 90 – 92.99
- B+ 87 – 89.99
- B 83 – 86.99
- B- 80 – 82.99
- C+ 77 – 79.99
- C 73 – 76.99
- C- 70 – 72.99
- D+ 67 – 69.99
- D 63 – 66.99
- D- 60 – 62.99
- F below 60

The components of semester grade are listed as follows:

- The first three exams: 35%
- Final exam (comprehensive and required: 25%)
- Cases/Projects: 20%
- Attendance/homework: 20% (equally weighted for each class session and homework assignment)

### **Exams:**

There will be four exams throughout the semester. The first three exams are held during our normal class hours on the exam dates specified in the course outline below.

The final exam is an exception; it follows the UNM final examination schedule.

The exams consist of multiple-choice, short-answer questions, and numerical problems.

**Make-up exams will not be given.** However, I will drop the lowest grade among the first three exams (any missed exam automatically equals zero). The final exam is required for every student and is a comprehensive exam covering materials taught in the whole semester.

When taking exams, you are allowed to bring in a financial calculator. You may also bring one 8.5"x11" sheet of paper, on both sides of which you can jot down formulas or notes you would like to use during the exam. This formula sheet cannot be shown to other students during the exam.

### **Case and Project Assignments:**

There will be case/project assignments for this course. Students are encouraged to form project groups/teams of **four or five members**. Due dates and relevant information will be given when the corresponding material has been covered. For each case/project, each team will turn in a typed report (single-spaced; may include exhibits, tables, and references to support arguments) on the due date. No late reports will be accepted.

If any member on a team does not make any meaningful contribution to the joint project, that member should be dismissed from the team. The team should e-mail a notice of the member's removal to both the non-contributing member and the instructor at least 24 hours before the due date.

### **Attendance Policy:**

Missing one class can present an obstacle to subsequent learning. For this reason, students are expected to attend class regularly and participate in discussions. Please come to class on time and turn off your communication devices before class.

Attendance sheets will be signed during the class and will serve as your attendance records. Homework will be assigned for practicing numerical problems and improving your quantitative skills. No late homework assignments will be accepted.

Attendance records and homework assignments will be equally weighted as records of your class participation and will count toward your semester grade. For example, student S signed 18 out of 20 attendance sheets and missed one out of ten homework assignments. Thus, student S completed 27/30 90% records in total.

### **Class Participation**

All students are expected to be prepared for class and participate in class discussions of course material and current events, that will be analyzed each class. If a student is not prepared, this will affect his/her participation grade for that day.

## Copyrighted Materials

All materials in this course fall under copyright laws and should not be downloaded, distributed, or used by students for any purpose outside this course.

<http://pathfinder.unm.edu/common/policies/copyright-policy-and-law.html>

## Academic Integrity

Each student is expected to maintain the highest standards of honesty and integrity in academic and professional matters. Dishonesty is defined as a lack of truth, honesty or trustworthiness. Cheating is defined as influencing or leading by deceit. Deceit is defined as intending to mislead and commonly suggests a false appearance.

Students should be familiar with UNM's *Policy on Academic Dishonesty* and the *Student Code of Conduct* which outline academic misconduct defined as plagiarism, cheating, fabrication, or facilitating any such act.

Examples (not exhaustive) of dishonest behavior include:

- Uses or attempts to use unauthorized aids in examinations or other academic assignments to be submitted for evaluation
- Misrepresentation of data, results or sources for papers or reports
- Copying another student's work

Anderson School of Management faculty, staff and students commit to values of trust, honesty, integrity, and accountability. We will not tolerate academic dishonesty. **By enrolling in any course at Anderson, the student accepts the Anderson Academic Honesty Code and affirms the following pledge: I will not lie, cheat, fabricate, plagiarize or use any other dishonest means to gain unfair academic advantage.**

Any violation of the code of conduct will be taken very seriously and appropriate sanctions will be applied. For full text of Anderson's Academic Honesty Code, please visit

<http://www.mgt.unm.edu/honesty>

## Students with Disabilities

Qualified students with disabilities will be provided reasonable and necessary academic accommodations if determined eligible by the Accessibility Resource Center (<http://as2.unm.edu/>). Please refer to UNM's Disability Policy for further information,

<http://pathfinder.unm.edu/common/policies/academic-adjustments.html>

The American with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodations of their disabilities. If you have a disability requiring accommodation, please contact me immediately to make arrangements as well as Accessibility Services Office in 2021 Mesa Vista Hall at 277-3506 or <http://as2.unm.edu/index.html>. Information about your disability is confidential.

If you are a qualified person with disabilities who might need reasonable accommodations in academic settings, please communicate with me as soon as possible so that we may make appropriate arrangements to meet your needs. Frequently, we will need to coordinate accommodating activities with other offices on campus, so that course materials can be made available in alternative formats.

## Course Outline \*

Overview: Globalization, Financial Goals, and Corporate Governance

***Textbook: Chapters 1(Currency Conversion Chapter 6) and Chapter 2***

The International Monetary System ***Textbook: Chapter 3***

The Balance of Payments. ***Textbook: Chapter 4***

**Exam 1**

The Foreign Exchange Market ***Textbook: Chapters 6***

International Parity Conditions. ***Textbook: Chapter 7***

Foreign Exchange Rate Determination. ***Textbook: Chapter 9***

**Exam #2**

Foreign Currency Derivatives: Futures and Options  
***Textbook: Chapter 8***

Introduction to Swap Contracts ***Textbook: Chapter 8***

**Foreign Exchange Exposure of Multinational Firms**

Transaction Exposure ***Textbook: Chapter 10***

Operating Exposure ***Textbook: Chapter 11***

**Exam #3**

**Credit Crisis and International Capital Markets (Financing and Investment Decisions)**

The Credit Crisis of 2007-2009 ***Textbook: Chapter 5***

II. Global Cost and Availability of Capital  
***Textbook: Chapter 12***

III. Sourcing Equity and Debt Globally  
***Textbook: Chapter 13***

**Mandatory Final Exam (based on UNM final exam schedule)**

Note: The final exam is **a cumulative exam** based on the requirement of finance area.

\*Course outline is tentative and may be changed.