

**Fayetteville State University**  
**School of Business and Economics**  
**Department of Finance, Economics, Entrepreneurship and Marketing**  
**FINC 354-D1 International Trade and Finance**  
**Spring/2011**

**FSU Policy on Electronic Mail:** Fayetteville State University provides to each student, free of charge, an electronic mail account ([username@uncfsu.edu](mailto:username@uncfsu.edu)) that is easily accessible via the Internet. The university has established FSU email as the primary mode of correspondence between university officials and enrolled students. Inquiries and requests from students pertaining to academic records, grades, bills, financial aid, and other matters of a confidential nature must be submitted via FSU email. Inquiries or requests from personal email accounts are not assured a response. The university maintains open-use computer laboratories throughout the campus that can be used to access electronic mail.

Rules and regulations governing the use of FSU email may be found at  
<http://www.uncfsu.edu/PDFs/EmailPolicyFinal.pdf>

**II. Course Description:** A study of the fundamental principles underlying the management of a commercial bank; capital funds; assets and liability management; value maximization; legal and operational constraints.

**III. Disabled Student Services:** In accordance with Section 504 of the 1973 Rehabilitation Act and the Americans with Disabilities Act (ACA) of 1990, if you have a disability or think you have a disability to please contact the Center for Personal Development in the Spaulding Building, Room 155 (1<sup>st</sup> Floor); 910-672-1203.

**IV. Textbook and Financial Calculator:**

1. Textbook

International Financial Management 5<sup>th</sup> Edition by Cheol Eun and Bruce G. Resnick,  
McGraw-Hill, ISBN-13 9780073382340

2. Financial Calculator

The recommended calculator for the class is the Texas Instruments BA-II Plus. It is one of the cheaper financial calculators on the market and is used in other finance courses. If you prefer, you can use Excel in place of the calculator, but some of you may find the calculator easier to use to take timed exams.

**V. Student Learning Outcomes**

Upon completion of this course the student should be able to:

1. Introduce the various types of international monetary systems under which the world economy can function and has functioned at various times.
2. Present balance-of-payment concepts and accounting.
3. Describe institutional arrangements of the foreign exchange market and details of how foreign exchange is quoted and traded worldwide.
4. Present the fundamental international parity relationships among exchange rates, interest rates, and inflation rates.
5. Provide an extensive treatment of exchange-traded currency futures and options contracts. Basic valuation models are developed.
6. Cover the management of transaction exposure that arises from contractual obligations denominated in a foreign currency. Several methods for hedging this exposure are compared and contrasted.
7. Cover economic exposure, that is, the extent to which the value of the firm will be affected by unexpected changes in exchange rates.

8. Discuss, compare, and contrast the various methods for translating financial statements denominated in foreign currencies, and includes a discussion of managing translation exposure using funds adjustment and the pros and cons of using balance sheet and derivatives hedges.
9. Differentiate between international bank and domestic bank operations and examine the institutional differences of various types of international banking offices.
10. Distinguish between foreign bonds and Eurobonds, which together make up the international bond market.
11. Cover international equity markets. The chapter begins with a statistical documentation of the size of equity markets in both developed and developing countries.
12. Cover international portfolio investment.

## VI. Course Requirements and Evaluation Criteria

### A. Grading Scale

Grading symbols and numerical equivalents:

A	92 to 100%
B	83 to 91%
C	73 to 82%
D	64 to 72%
F	63% and below

### B. Graded Assignments

**EXAMS:** 1. There will be three exams and an optional comprehensive final. Exams are designed to test your understanding of facts, concepts, and problem-solving methods. They are not designed to test your memorization skills.

2. Students will be given until 9:30 P.M. on the third day after the exam first appears on blackboard to take the exam. For example, if an exam is posted on Thursday, February 24th, it will be available until 9:30 P.M. on Saturday, February 26th. However, the instructor reserves the right to change this policy if necessary. An announcement will be posted on the discussion board if a change is necessary. Actual dates for all exams are posted below and exams will be posted under the “assignments” tab on blackboard.

3. The final exam is comprehensive and students may use the final exam to replace one of prior three semester exam grades. This policy eliminates the need for makeup exams. If a student misses an exam for any reason, the student will simply allocate the 15% that would go to the missed exam. The only circumstance in which makeup exams will be given is if an exam is missed due to an error or malfunction that is obviously the fault of the instructor or blackboard. Students who are satisfied with their scores on the first three exams are not required to take the final.

**QUIZZES:** There will be a total of four quizzes. Quiz problems are provided to help students master the material and to prepare them for exams. Each quiz is multiple choice questions and quizzes will count for 15% of the final grade. Students will be given until 09:30 P.M. on the third day after the quiz first appears on blackboard to take the quiz. For example, quiz 1 will be posted sometime on Thursday, January 27, and will be available until 09:30 P.M. on Saturday, January 29. However, the instructor reserves the right to change this policy if necessary. An announcement will be posted on the discussion board if a change is necessary. Quizzes will be posted under the “assignments” tab on blackboard. Students should also complete the each practice quiz posted at least once. Students aren’t penalized for low scores on practice quizzes, but may lose participation points for not attempting them. Practice quizzes are available under the assignments tab. Additional practice exercises are available on the textbook website and on the disk that is included with new versions of the textbook.

**DISCUSSION BOARD PARTICIPATION:** Students should check the discussion board regularly and participate in any ongoing discussions. Blackboard discussion board participation and homework will count for 7% of the final grade. The due date for posting your response to the topics can be shown in the Course Outline and Assignment Schedule. The board should also be used to post questions for the instructor or fellow students. The instructor will respond to the discussion board at least twice a week during the semester. Your first discussion board assignment is to log on, introduce yourself, and verify that you have read the syllabus and understand all course requirements and policies. If you don’t understand then continue to ask questions until you reach the point of understanding and then indicate so. Give your name, your geographical location, your background in education, business and finance, your current place of employment if

applicable, and any other information you wish to share. Suggested homework problems and questions are provided to help students master the material and to prepare them for exams. Some assignments will also give students the opportunity to exercise and enhance their written communications skills. Each student is expected to work through all suggested problems. It is not possible for a student to obtain a passing grade in the course without having gained substantial understanding of the material contained in these problems and questions. To receive credit for an assignment, homework must be turned in through a digital drop box on time. Assignments will be posted on the course blackboard page with the due date indicated.

**CHAPTER QUESTIONS:** Students are required to read each chapter thoroughly and turn in typewritten solutions to assigned questions of each chapter. Students should submit their solutions to the assignments on Blackboard by 9:30 pm on the due date. Chapter summaries will count for 17 % of the final grade. Each summary will be graded on a scale of 0 to 100. The problems of assigned chapters are posted on blackboard system. Solutions should be in written in **your own words**. Copying directly from the textbook or other sources is not acceptable.

**MINI CASE:** Mini case gives students an opportunity to comprehend and analyses multiple concepts covered throughout the chapter. These mini case problems are real world market applications to relate the theory to the international financial market. Mini cases will count for 16 % of the final grade and students should submit their solutions to the assignments on Blackboard by 9:30 pm on due date.

**File Name of Assignments:** When you turn in your assignments through the digital drop box on Blackboard, please make your filename of one assignment distinguishable from others. For example, your filename for spreadsheet number one could look like spreadsheet01\_yourname.doc.

C. Value of Each Assignment

Points toward the final letter grade will be allocated as follows:

<i>Requirements</i>	<i>Allocations</i>
First Exam	15%
Second Exam	15
Third Exam	15
Final Exam	15
Quizzes	15
Discussion Board Participation	7
Mini Case	16
Chapter Questions	17
<b>Total</b>	<b>100%</b>

Due to the generous nature of the grading policies in the course, it is unlikely that there will be any “curve” applied to the final grades.

D. Policy on Missed or Late Assignments: **No makeup tests** or assignments will be given unless a student has a legitimate excuse for missing a test, in which case a special makeup will be given within one week from the original test date. Excuse for any missed test **MUST** be presented to the instructor before the student misses a test and then provide me **the official note of excused absence** in support of your excuse. Excused absences may be granted to students for university authorized activities, military obligations, serious illness and family emergencies.

E. Other

**CHEATING:** The procedure for dealing with cases of academic cheating will be consistent with the University catalog/student handbook. There will be no exceptions.

**SPECIFIC COMPUTER REQUIREMENTS:** Class assignments will require the use of a computer with

spreadsheet, word processing, and internet browsing capabilities. As this is a web-enhanced course, students will be required to obtain a lot of course materials online through the Blackboard system. Access the Blackboard system through the link on the university web page, and follow the directions given there to log on. Make sure that your e-mail address in Blackboard is current so that you can be reached if necessary. Students should check for announcements on Blackboard regularly, and check the discussion board regularly. Submit some documents to the instructor through the “digital drop box” on Blackboard, except when instructed otherwise. Submit all documents in Microsoft Office format (i.e. Word, Excel, Access, PowerPoint). Do not send documents to the instructor as e-mail attachments.

**VII. Academic Support Resources – Smarthinking, Turnitin, University College Learning Center**

**VIII. Course Outline and Assignment Schedule**

COURSE OUTLINE		
WEEK	CHAPTER AND TOPIC	ASSIGNMENT
Jan 8	CHAPTER 1: <b>Globalization and the Multinational Firm</b>	Discussion Forum #01: Due Date January 12  Chapter Questions #01: Due Date January 14
Jan 16	CHAPTER 1: <b>Globalization and the Multinational Firm</b>  CHAPTER 2: <b>International Monetary System</b>	Chapter Questions #02: Due Date Jan 21  Discussion Forum #02: Due Date January 21
Jan 23	CHAPTER 3: <b>Balance of Payments</b>	Chapter Questions #03: Due Date Jan 28  <b>Quiz #01: Due Date Jan 29</b>
Jan 30	Chapter 4: <b>Corporate Governance Around the World</b>	Discussion Forum #03: Due Date Feb 4
Feb 6	CHAPTER 5: <b>The Market for Foreign Exchange</b>	Mini Case #1: Due Date Feb 11  Chapter Questions #04: Due Date Feb 11
Feb 13	CHAPTER 6: <b>International Parity Relationships and Forecasting Foreign Exchange Rates</b>	Chapter Questions #05: Due Date Feb 18  <b>Quiz #02: Due Date Feb 19</b>
Feb 20		<b>EXAM I : Due Date Feb 26</b>
Feb 27	CHAPTER 7: <b>Futures and Options on Foreign Exchange</b>	Chapter Questions #06: Due Date Mar 4  Discussion Forum #04: Due Date Mar 4
Mar 6	Mid Break	Mini Case #2: Due Date Mar 11
Mar 13	CHAPTER 7: <b>Futures and Options on Foreign Exchange</b>	Mini Case #3: Due Mar 18

Mar 20	CHAPTER 8: <b>Management of Transaction Exposure</b>	<b>Quiz #03: Due Date Mar 26</b>
Mar 27		<b>EXAM II: Due Date Apr 2</b>
April 3	CHAPTER 9: <b>Management of Economic Exposure</b>	Chapter Questions #07: Due Date Apr 8 Mini Case #4: Due Date Apr 8
Apr 10	CHAPTER 10: Management of Translation Exposure	Chapter Questions #08: Due Date Apr 15 Mini Case #5: Due Date Apr 15
Apr 17	CHAPTER 11: International Banking and Money Market	<b>Quiz #04: Due Date Apr 23</b>
Apr 24	CHAPTER 15: <b>International Portfolio Investment</b>	<b>EXAM III: Due Date April 30</b>
May 1		<b>Optional Final Examination: Due Date May 4</b>

**IX. Teaching Strategies:** Several teaching strategies will be employed in the course, including lecture notes, class discussions, problem solving demonstrations and discussion of material drawn from the financial press. Students are expected to take an active role in class discussions and problem solving sessions.

**X. Bibliography**

Anthony Saunders and Marcia Millon Cornett. Financial Markets and Institutions, A Modern Perspective. McGraw-Hill Irwin, (2008)

Brodie, Zvi, Alex Kane & Alan J. Marcus, *Investments*, 7<sup>th</sup> Edition, Boston, MA. McGraw-Hill Erwin, (2008).

Brigham, Eugene F., and Louis C. Gapenski, Financial Management: Theory and Practice, 8<sup>th</sup> Edition, The Dryden Press, (1997).

Damodaran, Aswath, Corporate Finance: Theory and Practice, 2<sup>nd</sup> Edition, John Wiley & Sons, (2001).

Gallagher, T.J. & J.D. Andrew, Jr., Financial Management: Principles and Practices, 2nd Edition, Prentice-Hall, Inc. (2000).

Gitman, Lawrence J., Principles of Managerial Finance , 12<sup>th</sup> Edition, Addison-Wesley, (2010).

Mishkin, F., and S. Eakins, Financial Markets and Institutions, 3rd Edition, Addison-Wesley Publishing, (1999).

Piet Sercu, International Finance: Theory into Practice Princeton University Press (2010)

David Eiteman, Arthur Stonehill, and Michael Moffett, *Multinational Business Finance* Global Edition 12th Edition Addison-Wesley, (2010).

