



ARIZONA STATE UNIVERSITY
GENERAL STUDIES COURSE PROPOSAL COVER FORM

Course information:

Copy and paste current course information from Class Search/Course Catalog.

Academic Unit Business Department Finance

Subject FIN Number 456 Title International Finance Units: 3

Is this a cross-listed course? No
If yes, please identify course(s) _____

Is this a shared course? No If so, list all academic units offering this course _____
Course description: _____

Requested designation: (Choose One)

Note- a separate proposal is required for each designation requested

Eligibility:

Permanent numbered courses must have completed the university's review and approval process.
For the rules governing approval of omnibus courses, contact the General Studies Program Office at (480) 965-0739.

Area(s) proposed course will serve:

A single course may be proposed for more than one core or awareness area. A course may satisfy a core area requirement and more than one awareness area requirements concurrently, but may not satisfy requirements in two core areas simultaneously, even if approved for those areas. With departmental consent, an approved General Studies course may be counted toward both the General Studies requirement and the major program of study.

Checklists for general studies designations:

Complete and attach the appropriate checklist

- Literacy and Critical Inquiry core courses (L)
- Mathematics core courses (MA)
- Computer/statistics/quantitative applications core courses (CS)
- Humanities, Fine Arts and Design core courses (HU)
- Social and Behavioral Sciences core courses (SB)
- Natural Sciences core courses (SO/SG)
- Global Awareness courses (G)
- Historical Awareness courses (H)
- Cultural Diversity in the United States courses (C)

A complete proposal should include:

- Signed General Studies Program Course Proposal Cover Form
- Criteria Checklist for the area
- Course Syllabus
- Table of Contents from the textbook, and/or lists of course materials

Contact information:

Name James E. Garrett Phone 480-727-8110

Mail code 3906 E-mail: james.e.garrett@asu.edu

Department Chair/Director approval: (Required)

Chair/Director name (Typed): Thomas Bates Date: 11/17/14

Chair/Director (Signature):

Course	Title	Units	GeneralStudies
FIN 456	<p>International Financial Management Exchange rate determination, financial markets, managing multinational corporations, capital budgeting, and hedging currency risk exposure from an international perspective.</p> <p>Allow multiple enrollments: No Repeatable for credit: No</p> <p>Offered by: W. P. Carey School of Business -- Department of Finance Pre-requisites: W.P.Carey Finance BS student; ACC 315, 303 or 340 with C or better; FIN 331 and 361 with C or better; Honors student in Finance: FIN 303 and FIN 331 with C or better</p>	3	G
	<p>Primary course component: Lecture Grading method: Student Option</p>		

Arizona State University Criteria Checklist for

GLOBAL AWARENESS [G]

Rationale and Objectives

Human organizations and relationships have evolved from being family and village centered to modern global interdependence. The greatest challenge in the nuclear age is developing and maintaining a global perspective which fosters international cooperation. While the modern world is comprised of politically independent states, people must transcend nationalism and recognize the significant interdependence among peoples of the world. The exposure of students to different cultural systems provides the background of thought necessary to developing a global perspective.

Cultural learning is present in many disciplines. Exposure to perspectives on art, business, engineering, music, and the natural and social sciences that lead to an understanding of the contemporary world supports the view that intercultural interaction has become a daily necessity. The complexity of American society forces people to balance regional and national goals with global concerns. Many of the most serious problems are world issues and require solutions which exhibit mutuality and reciprocity. No longer are hunger, ecology, health care delivery, language planning, information exchanges, economic and social developments, law, technology transfer, philosophy, and the arts solely national concerns; they affect all the people of the world. Survival may be dependent on the ability to generate global solutions to some of the most pressing problems.

The word university, from universitas, implies that knowledge comes from many sources and is not restricted to local, regional, or national perspectives. The Global Awareness Area recognizes the need for an understanding of the values, elements, and social processes of cultures other than the culture of the United States. Learning which recognizes the nature of others cultures and the relationship of America's cultural system to generic human goals and welfare will help create the multicultural and global perspective necessary for effective interaction in the human community.

Courses which meet the requirement in global awareness are of one or more of the following types: (1) in-depth area studies which are concerned with an examination of culture-specific elements of a region of the world, country, or culture group, (2) the study of contemporary non-English language courses that have a significant cultural component, (3) comparative cultural studies with an emphasis on non-U.S. areas, and (4) in-depth studies of non-U.S. centered cultural interrelationships of global scope such as the global interdependence produced by problems of world ecology, multinational corporations, migration, and the threat of nuclear war.

Proposer: Please complete the following section and attach appropriate documentation.

ASU--[G] CRITERIA			
GLOBAL AWARENESS [G]			
YES	NO		Identify Documentation Submitted
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>1. Studies must be composed of subject matter that addresses or leads to an understanding of the contemporary world outside the U.S.</p>	<p>Garrett syllabus p.1 ("Overview" - paragraph 1) Bonadurer syllabus pp.1-2 ("Course Description & Objectives" - paragraphs 1-5)</p>
		<p>2. The course must match at least one of the following descriptions: (check all which may apply):</p>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>a. In-depth area studies concerned with an examination of culture-specific elements of a region, country or culture group. The area or culture studied must be non-U.S. and the study must contribute to an understanding of the contemporary world.</p>	<p>Bonadurer syllabus p.2 ("Organization & Delivery" - paragraphs 1-2) Garrett syllabus p.1 ("Overview" - paragraph 2) & p.4("Group Case Assignment")</p>
<input type="checkbox"/>	<input type="checkbox"/>	<p>b. The course is a language course for a contemporary non-English language, and has a significant cultural component.</p>	
<input type="checkbox"/>	<input type="checkbox"/>	<p>c. The course is a comparative cultural study in which most, i.e., more than half, of the material is devoted to non-U.S. areas.</p>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>d. The course is a study of the cultural significance of a non-U.S.-centered global issue. The course examines the role of its target issue within each culture and the interrelatedness of various global cultures on that issue. It looks at the cultural significance of its issue in various cultures outside the U.S., both examining the issue's place within each culture and the effects of that issue on world cultures."</p>	<p>Bonadurer syllabus p. 1("Course Description & Objectives" - paragraphs 1-2) Garrett syllabus p. 1 ("Overview" - paragraph 1)</p>

Course Prefix	Number	Title	Designation
FIN	456	International Financial Management	Global Awareness (G)

Explain in detail which student activities correspond to the specific designation criteria.

Please use the following organizer to explain how the criteria are being met.

Criteria (from checksheet)	How course meets spirit (contextualize specific examples in next column)	Please provide detailed evidence of how course meets criteria (i.e., where in syllabus)
<p>SAMPLE: 2d: study the cultural significance of a non-U.S. centered global issue</p>	<p>SAMPLE: The course examines the cultural significance of financial markets Japan, Korea, and the UK.</p>	<p>SAMPLE: Module 2 shows how Japanese literature has shaped how Japanese people understand world markets. Module 3 shows how Japanese popular culture has been changed by the world financial market system. Modules 4 & 5 do the same for Korea and modules 6 & 7 do the same for the UK.</p>
<p>1. Studies must be composed of subject matter that addresses or leads to understanding of the contemporary world outside of the U.S..</p>	<p>The course uses lecture, discussion, and in-depth case studies to examine cross-border financial markets, management of multinational enterprises, and the governmental and legal environments in which those markets and enterprises operate.</p>	<p>Garrett syllabus - p. 1 - "Overview" - paragraph 1 - The course analyzes the financial concerns of a corporation with operations in more than one country. The first part (of the course) looks at the effect of international institutions. The second part (of the course) focuses on the risks to which multinational firms are exposed - many of these risks arise from cultural differences and practices and their effects of the legal and political environment. Garrett syllabus - p.5 - "Preliminary Schedule" - Class 2 and Class 3 focus on the recent monetary history from the "interwar period," through the post World-War II period, to the more recent quarter century of rapid development of emerging markets of the former Eastern Europe, Latin America, East Asia and, South Asia. Bonadurer syllabus - p. 1 - "Course Description & Objectives" - paragraph 2 - the course addresses the fact that "managers of multinational corporations will first need to</p>

		understand the environment before they can manage within it"
<p>2a. In-depth area studies concerned with an examination of culture-specific elements of a region, country, or culture group. The area or culture must be non-U.S. and the study must contribute to an understanding of the contemporary world.</p>	<p>Case studies are used to examine the genesis, management, and aftermath of cross-border economic and financial crises. These events are studied in the context of the political and cultural environments, in which they take place. Throughout the course, there is a common thread of the development of economic policies that work to improve standards of living - but, yet, are limited by aspects of culture and politics. Particular attention is paid to the recent history of crises and the economic development in the emerging markets (particularly in Asia and Latin America) and recent economic tensions within the Eurozone.</p>	<p>Bonadurer syllabus - "Class Schedule" - starting p.9: Session #4 (p.10) - Case Study 1 - "Financial Crisis in Asia: 1997-1998; Session #6 (p. 11) - Case Study 2 - "Argentina: Anatomy of a Financial Crisis"; Session #12 (p. 12) - Case Study 5 - "Can the Eurozone Survive?"; Session #13 (p. 12) - Case Study 6 - "Greek Crisis: Tragedy or Opportunity"; Session #26 (p.15)- Case Study 10 - "Globalizing the Cost of Capital and Capital Budgeting at AES" - this is a case study that looks at the risks of a firm's investment in a power generating plant in Pakistan in the early 2000's - the investment is studied in the context of a country undergoing significant political and economic turmoil Garrett syllabus - p. 5 - (Class 2 and Class 3) coverage of "Monetary History" - includes a discussion of the recent past history of economic crises and the subsequent response of policy makers); p. 5 - (Class 12 and Class 13) coverage of "Multinational Capital Budgeting" - lecture and discussion related to how the risk of political and cultural turmoil affects managerial decision-making when doing business across national borders</p>
<p>2d. The course is a study of the cultural significance of a non-U.S.-centered global issue. The course examines the role of its target issue within each culture and the interrelatedness of various global cultures on that issue. It looks at the cultural significance of its issue in various cultures outside the U.S.,</p>	<p>The course involves classroom discussions and in-depth case studies focusing on the development of sustainable improvements in economic well-being; but, within the context of differing cultures and political environments.</p>	<p>Bonadurer syllabus - "Class Schedule" - Session #10 (p. 12) "China's Renminbi: Our Currency, Your Problem" - examines the development and rise of the Chinese currency on the world stage - this case involves a discussion of economic development and</p>

<p>both examining the issue's place within each culture and the effects of that issue on world cultures/</p>		<p>political reform in China; Session 12 (p.12) - Case Study 5 - "Can the Eurozone Survive" - this case study examines the prospects for a the continuation of a common European currency within the context of the ongoing "European Project" - the case covers the challenges of maintaining monetary union across a set of countries of differing cultures, but, with shared goal of economic development and stability</p>
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	Primary course component: Lecture Grading method: Student Option		



FIN 456: International Financial Management (SLN 71526)

August 22 to December 6, 2013

Professor: Werner Bonadurer

Office: BAC 563 | Telephone: 480.965.4603 (Office) | 480.433.1871 (Cell)
Office Hours: Mondays 1:00 – 2:30pm and Wednesdays 1:00 – 2:30pm & by appointment

Class: Monday 6:00 to 8:45pm – Room BAC 311

E-mail: werner.bonadurer@asu.edu

Latest Version: August 19, 2013

SYLLABUS IS SUBJECT TO CHANGE WITH REASONABLE ADVANCE NOTICE

Course Description & Objectives

Companies engaging in cross-border business as well as investors allocating capital globally face important financial questions beyond those found in a purely domestic (single country) setting.

FIN 456 *International Financial Management* is organized first to provide a background on the international financial environment and then to focus on the managerial aspects from a corporate perspective. Managers of multinational corporations (MNC) will first need to understand the environment before they can manage within it.

The first part of the course introduces the major markets that facilitate international business. A second segment describes the relationships between exchange rates and economic variables and explains the forces that influence these relationships. This part will focus on applying theory rather than developing it. In a next and key part, the measurement and management of foreign exchange rate risk is explained. The final part discusses the management of long-term assets and liabilities, multinational capital

budgeting, capital structure decisions, as well as long- and short-term financing strategies in an international setting.

In many ways FIN 456 is an integrative course. Elements of macroeconomics, corporate finance, financial accounting, investment and portfolio management, corporate strategy, managerial decision analysis, and, of course, financial risk management are reflected in the case studies.

The main objective of this course is to provide students with a framework for making financial decisions in an international context, with a particular attention to currency risk management problems. An additional and important objective is to elevate student's understand of some main causes and dynamics of cross-border financial crises.

Organization & Delivery

Both lectures and cases are used to explain the materials and instill a better understanding of financial decisions in an international setting. While the lectures are not designed to dwell on abstract theory, theory is important because it provides the underpinnings for doing intelligent analysis. Students will apply this material to analyze several real case situations. Many aspects of FIN 456 are theoretically and quantitatively demanding. Expect a heavy workload. It is paramount that each and every student be thoroughly prepared for every class and case study.

An additional important feature of the course is the ongoing observation and discussion of developments in the domestic and global financial markets, particularly with respect to market risk assessments and international investment decisions. *Market Moving Events* will be discussed at the beginning of each session. The instructor will frequently invite students to highlight key points in a given article or announcement and present an educated opinion to the class (counting towards class participation).

Class attendance is very important, as the majority of exam content will come directly from class activities and lectures (see also grade allocations for class participation and case contribution). A class attendance list will be maintained. Students are responsible for obtaining notes from fellow students and handouts from the instructor for missed classes.

The *Blackboard* platform is being used to distribute additional course material and make relevant course announcement.

Study groups (3 - 5 students) will be formed by not later than Monday, September 23, 2013 (see group work assignment). Students are required to maintain the same group membership throughout the entire course.

Course Materials

FIN 456 *International Financial Management* will use the following course materials:

<p>Textbook (mandatory)</p>	<p><i>International Financial Management</i>, 11th Edition. Jeff Madura. South-Western. ISBN: 978-0-538-48296-7</p> <p>Reading assignments see under <i>Class Schedule</i>. Please complete assignments <u>prior</u> to class.</p>
<p>Lecture notes</p>	<p>Lecture notes (usually in PowerPoint format) will be made available on <i>Blackboard</i> prior to each class.</p>
<p>Cases (mandatory)</p>	<p><i>Financial Crisis in Asia: 1997 – 1998</i> (HBS 9-709-004).</p> <p><i>Argentina: Anatomy of a Financial Crisis</i> (TB 0131).</p> <p><i>The Credit Crisis of 2008: An Overview</i> (HBS 9-110-048).</p> <p><i>China's Renminbi: "Our Currency, Your Problem"?</i> (ACRC HKU710).</p> <p><i>Can the Eurozone Survive?</i> (HBS 9-713-034).</p> <p><i>Greek Crisis: Tragedy or Opportunity?</i> (HBS 9-711-088).</p> <p><i>Hedging Currency Risk at AIFS</i> (HBS 9-205-026).</p> <p><i>Tiffany & Co.</i> (HBS 9-295-047).</p> <p><i>Foreign Exchange Hedging Strategies at General Motors: Transactional and Translational Exposures</i> (HBS 9-205-095).</p> <p><i>Globalizing the Cost of Capital and Capital Budgeting at AES</i> (HBS 9-204-109).</p> <p>All cases can be downloaded from Harvard Business online (see instructions posted on Blackboard).</p>
<p>Theory notes (mandatory)</p>	<p><i>Foreign Exchange Markets and Transactions</i> (HBS 9-205-016).</p> <p>Theory notes can be downloaded from Harvard Business online (see instructions posted on Blackboard).</p>

Optional reading	Keeping up with developments in international financial markets is essential during the entire course. The reading of publications such as <i>The Wall Street Journal</i> , <i>The Financial Times</i> , and/or <i>The Economist</i> is highly recommended. In addition, students are encouraged to watch financial websites like <i>Bloomberg</i> .
Other	Additional background reading material will be distributed in class or via <i>Blackboard</i> .

Grading & Course Requirements

The final grade will be based on the student's performance on the midterm exam, the final exam, one written handed-in case analysis (group work), the international investing project (group work) as well as class participation (including homework assignment) and case discussion contribution. The weights on each component of the overall course grade are as follows:

Graded Item	Weight	Date
Midterm exam	30%	Mon, Oct 21
Final exam	30%	t.b.d.
Case analysis (written report; group work)	15%	--
Class participation and case discussion contribution	15%	--
International investing project (group work)	10%	Mon, Nov 25 Mon, Dec 2

Exam Policy

There will be no make-up exams. If you miss the Midterm Exam for any reason, then the percentage of the missed Midterm Exam will be added to your Final Exam. For example, if you miss the Midterm Exam then your Final Exam will count 60% (30% plus 30%). Do not miss the final exam!

There are two formal exams. The Midterm Exam relates to the course content covered in sessions 1 to 6. The Final Exam reviews the entire course work with heavy emphasis on material discussed during sessions 8 to 12. Both exams are closed book, closed notes. You will be allowed to bring a calculator (financial or scientific) and writing implement. In addition, you are allowed to use a self-prepared four-page formula/notes sheet for each exam.

Case Analysis

See under section *The Case Method*.

Contribution to Case Discussion and Class Participation

One part of the overall grade takes account of the quality of the contribution to case discussions. Effective participation means making a contribution that moves the analysis and understanding forward for all case studies. It is expected that students come to class on time, fully prepared, and ready to open the discussion. Preparation involves careful analysis of the available quantitative and qualitative evidence presented in the case assignments. In addition, the “contribution grade” covers general class participation and rewards students for positive contributions to class discussion, comments on market moving events, etc.

The grade assigned to a student’s classroom participation is a careful, subjective (on the instructor’s part) assessment of input offered into the classroom experience. The evaluation will be based upon the instructor’s observation of the quality rather than the quantity of participation offered. Class-by-class records of each student’s contribution are made on a 0 to 4 scale (0 = class absence and 4 = outstanding contribution).

International Investing Project (IIP)

This project allows you to learn more about international investing and about firms that compete in the global arena. Study groups will be asked to create a stock portfolio of at least two U.S.-based multinational corporations (MNC) and two foreign stocks. Students will monitor the performance of the chosen portfolio over the course term and ultimately will attempt to explain why a given portfolio performed well or poorly relative to a selected benchmark. The explanation will offer insight into what is driving valuations of the U.S.-based MNC’s and the foreign stocks over time. During sessions #11 and #12 (November 25 and December 2, respectively) study teams will present their findings to the entire class. The presentation time is limited to 10 minutes per study group. Further explanations about the IIP will be forthcoming but also can be found in Appendix D (page 676) in the course textbook.

Letter Grades

Course letter grades will be assigned using the plus/minus system. As a rough guideline, students should target a performance level of at least 90 percent to earn an A- or above, 80 percent to earn a B- or above, and 70 percent to earn a C.

Final letter grades will also be determined based on breaks in the overall performance distribution (a.k.a. curved grading policy) to reflect relative performance attributes as well as take into account the difficulty level of the exams throughout the course.

Grade Appeals/Changes

If for some reason an error has been made in grading or recording an assignment, students must submit a written request for review, with explanation and reason for credit, within one week of the date that the assignment score was made available.

Extra Credit Policy

There is no opportunity in FIN 456 to do extra-credit work.

The Case Method

One formal, written, hand-in case analysis is required from each study group (maximum 3 - 5 team members). Groups are allowed to choose from among the following four cases:

- *Hedging Currency Risk at AIFS* (HBS 9-205-026).
- *Tiffany & Co.* (HBS 9-295-047)
- *Foreign Exchange Hedging Strategies at General Motors: Transactional and Translational Exposures* (HBS 9-205-095).
- *Globalizing the Cost of Capital and Capital Budgeting at AES* (HBS 9-204-109).

The length of the reports is constrained to a maximum of eight pages (typed and double-spaced). Groups may attach a few exhibits (e.g., spreadsheets, tables, graphs, and supporting calculations) as they see appropriate. A copy of the group report must be handed in at the start of the case discussion on the day the case is to be discussed in class.

Groups should not dwell on restating facts in the case. The assignment should be treated as a report submitted to senior management.

Twenty percent of the grade in the formal case analysis will be based on the style, syntax, organization, and general professionalism of the write-up. Eighty percent of the case write-up grade will be based on the quality of the analysis, e.g. the realism of assumptions made, the logical flow of ideas presented, the methodology and analytical rigor applied, and the acceptability of recommendations made. As most often, no absolutely “correct” solutions exist in case analyses. Reasonable individuals often make different, but acceptable, assumptions about the future. The recommended course of action undoubtedly will be driven by these assumptions.

On *Blackboard*, for each of the cases, several questions that would be appropriate to consider in confronting the case problem will be listed (see case study instructions). Those questions should be kept in mind while reading and analyzing the cases. For the purpose of discussion and the written report, however, groups should place themselves in the case situation. In particular, it is not suggested to organize written reports simply as answers to the sequences of the outlined questions.

For all the other cases (see list on page 3) no written report is due. However, individual preparation for in-class case discussion is paramount.

In case study reviews, student's contributions to the discussion as individuals are an important indication of progress and preparedness. Thoughtful and assertive feedback and input from the class facilitates the learning process and makes classes lively and interesting.

Calculators and Software

A financial calculator is required for this course and necessary to work on many problems. The calculator should have exponent and root functions as well as present value and future value functions. You cannot share calculators with your classmates during exams. Make sure to learn how to use your calculator before the scheduled exams.

For case study work, some basic familiarity with Excel spreadsheets is assumed and will be necessary to conduct some statistical analysis and portfolio optimization (see Excel add-in).

W. P. Carey School of Business Honor Code and Laptop Policy

Important: Please see the Academic Integrity Policy at <http://provost.asu.edu/academicintegrity> for more information. The University policy will be fully adhered to in this course.

The W. P. Carey School takes academic integrity very seriously. Therefore, unless otherwise specified, it is imperative that you do your own work. Any suspected violations of academic integrity will be taken seriously and result in the following sanctions:

- A minimum of zero on the assignment OR
- A reduced grade in the course OR
- A failure in the course OR
- An XE which denotes failure due to academic dishonesty on the transcript OR
- Removal from the W. P. Carey School of Business

Study groups are expected to do their own writing of all case assignments. Some of the cases used in this class may have been used before at ASU or other institutions. Students may not consult with students previously enrolled in this class, their class notes, or materials that were otherwise provided in the past. Moreover, students may not use materials or solutions from other institutions (e.g., posted on the Internet), unless the instructor advises to do so for a particular assignment.

Furthermore, please review the Undergraduate Honor Code at:
<https://my.wpcarey.asu.edu/academic-integrity/upload/Undergraduate-Honor-Code.pdf>

Laptops may be used in class for activities related to the discussion and for notes taking. Checking emails, texting or surfing the Internet during class is not acceptable and will be considered a violation of policy. Cell phones must be switched off during classes.

Religious Accommodations

Accommodations will be made for students with religious holidays. Below is the calendar of official religious holidays. Each holiday noted with two asterisks denotes an observance for which work is not allowed. For these holidays, students will not be penalized in any way for missing class or assignment. This means that this will not count as an absence in class and they will be granted a makeup assignment or exam, etc.

<https://provost.asu.edu/index.php?q=religious-holiday-calendar>

University-Sanctioned Activities

Accommodations will be made for students who miss class related to university-sanctioned activities according to ACD 304-02. Students participating in a university-sanctioned activity need to let the instructor know as early in the course as possible so that accommodations can be made.

Threatening Behavior Policy

The university takes threatening behavior very seriously and these situations will be handled in accordance with the *Student Services Manual*, SSM 102-02 <http://www.asu.edu/aad/manuals/ssm/ssm104-02.html>.

Disability Accommodations

Students with an accommodation for a disability must be registered with the Disability Resource Center (DRC) and submit the appropriate documentation.

Tutoring Support

Please note that the W. P. Carey School of Business provides free tutoring in BA 201 for a number of undergraduate business classes. Assistance with writing is also provided. More information regarding courses offered and hours are available here: <https://my.wpcarey.asu.edu/undergrad/student-success/success-center.cfm?>

In addition to the W. P. Carey Student Success Center, Arizona State University provides writing assistance through multiple platforms – including in class workshops (within your course!). More information can be found here: <http://studentsuccess.asu.edu/writingcenters>

Copyright Material

Note that the course content, including lectures, are copyrighted material and students may not sell notes taken during the conduct of the course (see [ACD 304-06](#), “Commercial Note Taking Services” for more information).

Instructor

For background information on the instructor please go to: http://wpcarey.asu.edu/apps/directory/facultyDocs/pro_Bonadurer_2219643.pdf

Teaching Assistant

Tim Blankenship, MBA student, will act as Teaching Assistant. E-mail address: tim.blankenship@asu.edu. Cell phone: 602.751.4009.

Feedback

The instructor strongly encourages students to provide feedback about the course at any given time through the term. Any comments, suggestions, critiques (very important) about any issue/topic are most welcome and help to improve the learning experience of all.

Class Schedule FIN 456

International Financial Management

Version May 10, 2013 – Subject to change

Session	Topics
Date	Readings/Assignments
# 1 Mon, Aug 26	Course Overview and Introduction <u>The International Financial Environment (part I)</u> <ul style="list-style-type: none">• Multinational Financial Management: An Overview (Chapter 1 IFM)• International Flow of Funds (Chapter 2 IFM)• International Financial Markets (Chapter 3 IFM)
# 2 Mon, Sep 9	<u>The International Financial Environment (part II)</u> <ul style="list-style-type: none">• Exchange Rate Determination (Chapter 4 IFM) Foreign Exchange Markets and Transactions (HBS note) <p>Individual homework assignment exercises in HBS note.</p> <u>Case Study 1</u> <ul style="list-style-type: none">• <i>Financial Crisis in Asia: 1997 – 1998 (HBS)</i> <p>Suggested assignment questions will be posted on Blackboard.</p>
# 3 Mon, Sep 16	<u>The International Financial Environment (part III)</u> <ul style="list-style-type: none">• Currency Derivatives (Chapter 5 IFM)

	<p>Foreign Exchange Markets and Transactions (HBS note)</p> <ul style="list-style-type: none"> • Hand-in of individual homework assignment 1 – 10 in HBS note • In-class discussion of assignment <p><u>Case Study 2</u></p> <ul style="list-style-type: none"> • <i>Argentina: Anatomy of a Financial Crisis (HBS)</i> <p>Suggested assignment questions will be posted on Blackboard.</p>
<p># 4 Mon, Sep 23</p>	<p><u>Exchange Rate Behavior (part I)</u></p> <ul style="list-style-type: none"> • Government Influence on Exchange Rates (Chapter 6 IFM) <p><u>Case Study 3</u></p> <ul style="list-style-type: none"> • <i>The Credit Crisis of 2008: An Overview (HBS)</i> <p>Suggested assignment questions will be posted on Blackboard.</p>
<p># 5 Mon, Sep 30</p>	<p><u>Exchange Rate Behavior (part II)</u></p> <ul style="list-style-type: none"> • International Arbitrage and Interest Rate Parity (Chapter 7 IFM) <p><u>Case Study 4</u></p> <ul style="list-style-type: none"> • <i>China's Renminbi: "Our Currency, Your Problem"?</i> (ACRC) <p>Suggested assignment questions will be posted on Blackboard.</p>

<p># 6</p> <p>Mon, Oct 7</p>	<p><u>Exchange Rate Behavior (part III)</u></p> <ul style="list-style-type: none"> Relationships among Inflation, Interest Rates, and Exchange Rates (Chapter 8 IFM) <p><u>Case Study 5</u></p> <ul style="list-style-type: none"> <i>Can the Eurozone Survive? (HBS)</i> <p>Suggested assignment questions will be posted on Blackboard.</p>
<p># 7</p> <p>Mon, Oct 21</p>	<p><u>Case Study 6</u></p> <ul style="list-style-type: none"> <i>Greek Crisis: Tragedy or Opportunity (HBS)</i> <p>Suggested assignment questions will be posted on Blackboard.</p> <p>Midterm exam</p>
<p># 8</p> <p>Mon, Oct 28</p>	<p><u>Exchange Rate Risk Management (part I)</u></p> <ul style="list-style-type: none"> Forecasting Exchange Rates (Chapter 9 IFM) Measuring Exposure to Exchange Rate Fluctuations (Chapter 10 IFM)
<p># 9</p> <p>Mon, Nov 4</p>	<p><u>Exchange Rate Risk Management (part II)</u></p> <ul style="list-style-type: none"> Managing Transaction Exposure (Chapter 11 IFM) Managing Economic Exposure and Translation Exposure (Chapter 12 IFM)

	<p><u>Case Study 7</u></p> <ul style="list-style-type: none"> • <i>Hedging Currency Risk at AIFS (HBS)</i> <p>Suggested assignment questions will be posted on Blackboard. Case is eligible for written group work.</p>
<p># 10</p> <p>Mon, Nov 18</p>	<p><u>Case Study 8</u></p> <ul style="list-style-type: none"> • <i>Tiffany & Co. (HBS)</i> <p>Suggested assignment questions will be posted on Blackboard. Case is eligible for written group work.</p> <p><u>Long-Term Asset and Liability Management (part I)</u></p> <ul style="list-style-type: none"> • Direct Foreign Investment (Chapter 13 IFM)
<p># 11</p> <p>Mon, Nov 25</p>	<p><u>Case Study 9</u></p> <ul style="list-style-type: none"> • <i>Foreign Exchange Hedging Strategies at General Motors: Transactional and Translation Exposures (HBS)</i> <p>Suggested assignment questions will be posted on Blackboard. Case is eligible for written group work.</p> <p><u>Long-Term Asset and Liability Management (part II)</u></p> <ul style="list-style-type: none"> • Multinational Capital Budgeting (Chapter 14 IFM) • Country Risk Analysis (Chapter 16 IFM) <p>Chapters 14 and 16 are required reading for the exam, but will not be discussed extensively in class.</p> <p>International Investing Project</p> <ul style="list-style-type: none"> • <i>Study group presentation: Part I</i>

<p style="text-align: center;"># 12</p> <p style="text-align: center;">Mon, Dec 2</p>	<p style="text-align: center;"><u>Long-Term Asset and Liability Management (part III)</u></p> <ul style="list-style-type: none"> • Multinational Capital Structure and Cost of Capital (Chapter 17 IFM) • Long-Term Debt Financing (Chapter 18 IFM) <p style="text-align: center;"><u>Short-Term Asset and Liability Management (part I)</u></p> <ul style="list-style-type: none"> • Financing International Trade (Chapter 19 IFM) • Short-Term Financing (Chapter 20 IFM) <p style="text-align: center;">Chapters 17-20 are required reading for the exam, but will not be discussed extensively in class.</p> <p style="text-align: center;"><u>Case Study 10</u></p> <ul style="list-style-type: none"> • <i>Globalizing the Cost of Capital and Capital Budgeting at AES (HBS)</i> <p style="text-align: center;">Suggested assignment questions will be posted on Blackboard. Case is eligible for written group work.</p> <p style="text-align: center;">International Investing Project</p> <ul style="list-style-type: none"> • <i>Study group presentation: Part II</i>
<p style="text-align: center;"># 13</p> <p style="text-align: center;">t.b.d.</p>	<p style="text-align: center;">Final exam</p>

Information contained within this syllabus (except grading and absence policies is subject to change.

FIN 456 – International Financial Management Fall 2012 Course Syllabus

Course Number: 71765

Location/Time: BAC 209/Mon. 6:00-8:45P

Professor: James E. Garrett, Jr., Ph.D.

Office Location: BAC 575

Office Phone: 480.727.8110

E-mail: James.E.Garrett@asu.edu

*** E-mail is always the best way to contact (please include course number in subject)**

Office Hours: By appointment

Overview

The course analyzes the financial concerns of a multinational corporation with operations in more than one country. The course consists of three parts. The first part will look at the international financial environment, examining institutional, theoretical, and empirical factors influencing exchange rates. The second part of the course will analyze the risks to which firms operating in the international context are exposed. We will learn how to measure and hedge against these forms of risk. Among hedging instruments, we will explore currency forwards, futures, options, and swaps. Finally, we will examine the investing and financing decisions in foreign countries, and what managers can do to maximize the value of their firm.

This course will require considerable preparation. The class is centered on lectures and is accompanied by related reading assignments, problem sets, cases, and additional assignments. The best way to master the material (and prepare for exams) is to work the assigned problems. In preparing for exams, the most weight should be given to material covered in class, including problem sets. Reading is important to help you understand the material and work the assigned problems, but the tests will not be designed as a reading-check. It is very important that you keep up with the assigned work so that you will not be overwhelmed at exam time.

Required Course Materials

Text

Multinational Finance by Kirt C. Butler, 4th edition, 2008, Wiley.
ISBN 13: 978-1-405-18118-1



Calculator

You will need a calculator that is capable of taking the root of a number, raising a number to a power, and calculating logarithms. A “financial calculator” is not explicitly required for this course, nor is it prohibited.

Blackboard

The syllabus, lecture slides/notes, supplemental readings, links, handouts, case assignments, problem sets, homeworks, and assorted documents will be posted via our course page on the Blackboard system. I will use this system to send out course e-mails and those e-mails and other announcements will be archived at the page. In addition, as we progress through the course, grades will be posted. Please check the Blackboard site (and your e-mails) daily for any updates, new materials or announcements.

Cases on Study.Net

I plan on using the website, www.study.net, to distribute cases for student use. I may use as many as three cases (two from Harvard and one from Darden). The maximum possible total cost to purchase case copies online will be \$12.50. More specific instructions will follow. There is no need to take action until instructed to do so.

Grading Weights

Midterm 1	25%
Midterm 2	25%
Cumulative Final Exam	35%
Homework	10%
Group Case	5%

Note: I will be using a plus/minus system for assigned grades. A curve may be applied to the final semester grade if warranted. If your semester numerical average (per the above weights) is at least a 90.00, you will be guaranteed at least an A-; if your average is at least an 80.00, you will be guaranteed at least a B-....and so on, in that fashion. Therefore, you will never be “curved down.”

Schedule

Please note that I have attached a preliminary schedule at the end of the syllabus. I reserve the right to make adjustments as we go through the semester. I will announce any changes to the schedule in class and/or by class e-mail. You are responsible for keeping up with any announcements and changes. *Exam dates are set and should not change, though.*

Lecture Notes & Textbook Reading Assignments

The textbook reading assignments will roughly follow the schedule outlined below, with any substantial deviations announced in class. You may wish to read the material prior to the class meeting for which it is scheduled. We will spend one or more lectures on a topic, and utilize part of each lecture to discuss its applications and work relevant problems.



Note: Lecture notes/slides will normally be available on Blackboard before class.

Homework

I plan on at least two sets of practice (exam-type) problems before each midterm and two more sets before the final. Solutions will be provided after the due date. Some of these practice problems will be graded as part of the homework grade. I will make it clear, when the practice problems are assigned, whether the particular problem set will be graded. In addition, the “homework” portion of the grade may include additional short assignments to help with your preparation of material as we progress through the course. I will announce the homework problems and assignments in class and post the assignments and the due date on the course web site that you can access via the Blackboard system. Homework problem sets will be collected and graded for completeness. You may work in groups of up to four people, though you should hand in an individual write-up. Assignments are due at the beginning of each class period on which they are due. Late assignments will not be accepted. You must list your group members on your individual assignment.

Assigned Readings

I may assign readings from sources in the popular business press, such as the Wall Street Journal and the New York Times. I will provide links (in Blackboard) to those articles openly available and reference information for articles available through the ASU library portals (most notably the WSJ and NYT articles). Note that I do not specifically require you to have a WSJ subscription.

Examinations

There will be two in-class “Midterms” as listed on the schedule. They will cover text readings, assigned problems, and any other material covered in class sessions. The focus on the midterms will be on problem solving and analysis. ***The dates for the 2 midterm examinations are set and will not change.*** Material coverage may vary relative to what is indicated on the preliminary course schedule; however, Midterms 1 and 2 will take place during the dates/class periods specified.

The final exam will be given at the date and time specified by the Registrar. The general format and approach, focusing on problem solving, should be similar to that of the two midterm exams. Assume that the final exam will be cumulative. More guidance will be given prior to the final exam.

For each exam, you will be allowed to prepare your own individual, handwritten, two-sided formula sheet on a standard 8.5” x 11” sheet of paper. The sheet must contain your name at the top and must be turned-in with each exam. No extraneous materials (other than your calculator and writing utensils), such as scratch paper, will be allowed. I will provide adequate work space on the exam.



Missed Exam Policy

Barring extenuating circumstances, I do not give makeup exams. If an exam is missed with a documented, excused absence, then the remaining exams will proportionally constitute the (midterm and final) exams' 85% portion of your grade. **Unexcused absences from exams will count as a zero in the grade book.**

Group Case Assignment

There will be one or two graded group case assignments. For these cases, you may work in groups of up to four and may turn in one graded case solution/report for the entire group. Details will be provided at a later date.

Required Class Attendance

Attendance in the course is mandatory in the sense that you are also responsible for **any** material covered as well as **any** announcements made in class. If you miss a class, it is your responsibility to find out what was discussed. This is your responsibility.

Professionalism

As you are preparing to be business professionals, it goes without saying that you should treat your classroom peers and instructor with respect, both in and out of class. That being said, I encourage a free and open discussion in and out of class. Please do not hesitate to ask me any question regarding the class material or administration (and/or grading) of the class. My only request is that you treat everyone involved in a professional and respectful manner.

Academic Integrity

Academic integrity is an integral component of the W.P. Carey School and Arizona State University learning experience and any breach of this integrity is considered to be very serious and not in keeping with the overall intellectual and ethical foundations of the School and University. Acts of academic dishonesty are very serious and can result in suspension or dismissal from the University. A full description of ASU policies and procedures regarding academic dishonesty may be found at the following site: [Student Academic Integrity Policy](#).

Absences Due to Religious Practice and University-Sanctioned Activities

I will follow ASU guidelines for handling absences and/or missed exams due to religious practices (see [ACD 304-04](#), "Accommodation for Religious Practices") and sanctioned university activities (see [ACD 304-02](#), "Missed Classes Due to University-Sanctioned Activities").

Disability Resource Center

Any students requesting accommodation for a disability must be registered with the Disability Resource Center (DRC) and should submit appropriate documentation to the DRC. In such cases, I will fully cooperate with the DRC and the involved student to make proper arrangements and accommodations.



Preliminary Schedule (Subject to change)

Class	Day	Month	Date	Subject Matter	Text Ch.
1	MON	AUG	27	Intro & Syllabus	-
2	MON	SEP	10	Quantitative Overview Monetary History	2
3	MON	SEP	17	Monetary History Foreign Exchange Mkts	2/3
4	MON	SEP	24	F/X Mkts Parity Conditions	3/4
5	MON	OCT	1	Parity Midterm 1 Review	4
6	<i>MON</i>	<i>OCT</i>	<i>8</i>	<i>Midterm 1</i>	-
7	MON	OCT	22	Currency Forwards Currency Futures	5
8	MON	OCT	29	Currency Options	6
9	MON	NOV	5	Currency Options & Swaps Midterm 2 Review	6/7
10	<i>MON</i>	<i>NOV</i>	<i>19</i>	<i>Midterm 2</i>	-
11	MON	NOV	26	Transaction Exposure	10
12	MON	DEC	3	Multinational Cap. Budgeting & Cost of Capital	14/15/19
13	MON	DEC	10	Multinational Cap Bud & CoC Final Exam Review	-

Final Examination

Location: Usually the same classroom – But wait for confirmation

Date/Time: Monday, Dec 17, from 6:00-7:50P*

*(per the [ASU Fall 2012 final exam schedule webpage](#), “Except for Wednesday evening finals, final exams for one day per week classes that start on or after 4:30pm or on Saturdays will be held for 1 hour and 50 minutes beginning at their regular scheduled time on the day the class is normally held.”)



Calendar Dates of Note:

Labor Day Holiday: Monday, September 3 – No Class

Fall Break: Monday, October 15 – No Class

Veteran's Day Holiday: Monday, November 12 – No Class

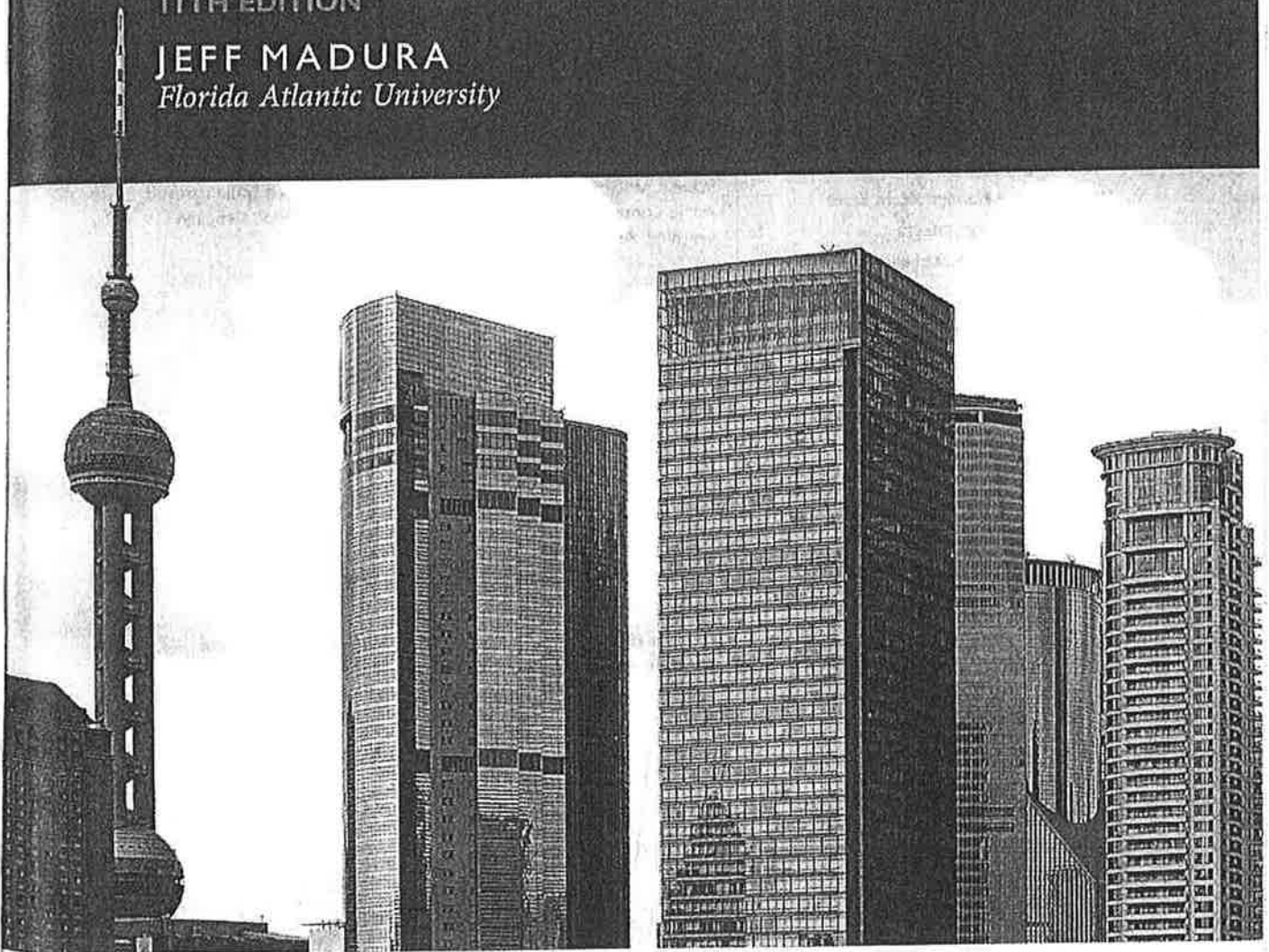
FYI: Fall 2012 Last Official Day of Classes: Tuesday, December 11

International Financial Management

11TH EDITION

JEFF MADURA

Florida Atlantic University



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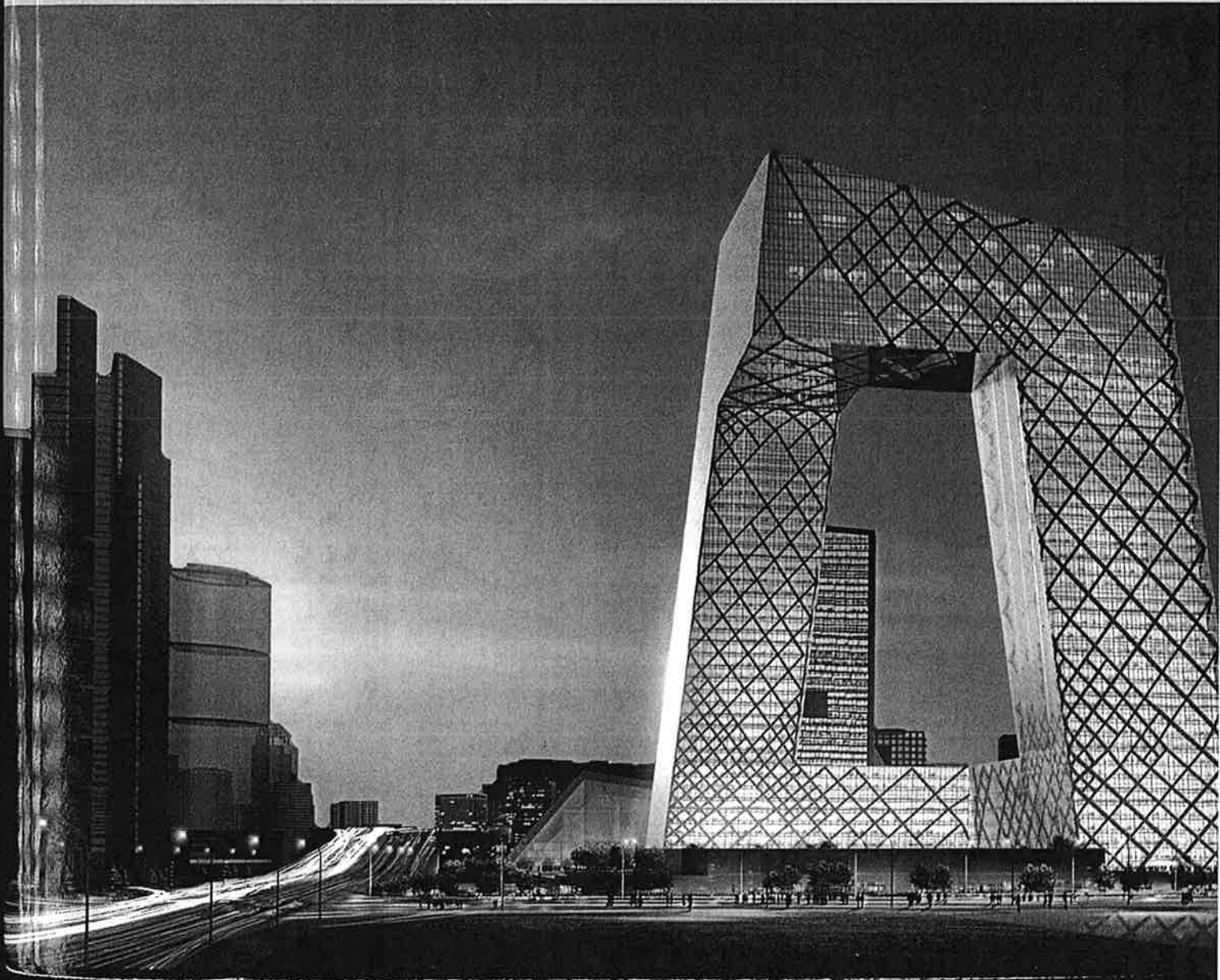
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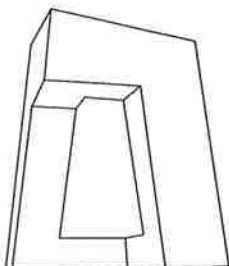
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Fourth Edition

Multinational Finance

KIRT C. BUTLER





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