

Subject Description Form

Subject Code	AF4323
Subject Title	International Finance
Credit Value	3
Level	4
Normal Duration	1-semester
Pre-requisite / Co-requisite/ Exclusion	Pre-requisite: Business Finance (AF3313)
Objectives	The object of this course is for students to become familiar with international capital markets (Outcome 2), to understand the economic forces at play (Outcomes 8 and 11), and to be equipped with tools and methods to analyze relevant issues in international trade and investments (Outcome 7).
Intended Learning Outcomes	<p>Upon completion of the subject, students will be able to:</p> <ol style="list-style-type: none"> a. Comprehend basic concepts in the global economy (exchange rates, balance of payments, etc.) (Outcome 2) b. Discuss financial instruments in open economies (forward exchange rates, futures markets for foreign exchange, foreign exchange options and other derivatives) (Outcome 9) c. Understand the economic forces at work in international financial markets (exchange rate determination, interest rate parity, foreign exchange risk, real exchange rates, the global capital asset pricing model, etc.) (Outcomes 8 and 11) d. Recognize specific features of international capital markets (the foreign exchange market, international debt markets, international equity financing, etc.) (Outcome 7)
Subject Synopsis/ Indicative Syllabus	<ol style="list-style-type: none"> 1. Introduction to International Finance and Trade <ul style="list-style-type: none"> ◆ Why Trade?: the theory of comparative advantage ◆ Globalization: benefactor or menace? 2. Foreign Exchange Fundamentals <ul style="list-style-type: none"> ◆ Balance of payments ◆ International monetary system 3. Foreign Exchange Market <ul style="list-style-type: none"> ◆ Currency contracts (spot and forward) ◆ Exchange rate determination and forecasting ◆ Currency derivatives and risk management 4. International Capital Markets <ul style="list-style-type: none"> ◆ International banking and money market ◆ International debt and equity market ◆ International diversification ◆ International capital market equilibrium (international cost-of-capital models)

Teaching/Learning Methodology	A three-hour seminar will be conducted each week to give students a conceptual and analytical framework to think about a broad range of relevant issues in international finance and trade. In addition, students will be assigned and assessed with an individual written report (Outcomes 1, 3, and 6) and a group assignment designed to further develop their critical thinking (Outcomes 3 and 6), teamwork, and presentation skills (Outcome 1).																																																																													
Assessment Methods in Alignment with Intended Learning Outcomes	<table border="1" data-bbox="456 445 1482 1104"> <thead> <tr> <th data-bbox="456 445 810 611" rowspan="2">Specific assessment methods/tasks</th> <th data-bbox="810 445 970 611" rowspan="2">% weighting</th> <th colspan="6" data-bbox="970 445 1482 544">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th data-bbox="970 544 1066 611">a</th> <th data-bbox="1066 544 1150 611">b</th> <th data-bbox="1150 544 1235 611">c</th> <th data-bbox="1235 544 1319 611">d</th> <th data-bbox="1319 544 1404 611"></th> <th data-bbox="1404 544 1482 611"></th> </tr> </thead> <tbody> <tr> <td data-bbox="456 611 810 678">Continuous Assessment</td> <td data-bbox="810 611 970 678">50%</td> <td data-bbox="970 611 1066 678"></td> <td data-bbox="1066 611 1150 678"></td> <td data-bbox="1150 611 1235 678"></td> <td data-bbox="1235 611 1319 678"></td> <td data-bbox="1319 611 1404 678"></td> <td data-bbox="1404 611 1482 678"></td> </tr> <tr> <td data-bbox="456 678 810 745">1. Midterm Exam</td> <td data-bbox="810 678 970 745">15%</td> <td data-bbox="970 678 1066 745">√</td> <td data-bbox="1066 678 1150 745">√</td> <td data-bbox="1150 678 1235 745"></td> <td data-bbox="1235 678 1319 745"></td> <td data-bbox="1319 678 1404 745"></td> <td data-bbox="1404 678 1482 745"></td> </tr> <tr> <td data-bbox="456 745 810 813">2. Group Assignment</td> <td data-bbox="810 745 970 813">15%</td> <td data-bbox="970 745 1066 813">√</td> <td data-bbox="1066 745 1150 813">√</td> <td data-bbox="1150 745 1235 813">√</td> <td data-bbox="1235 745 1319 813">√</td> <td data-bbox="1319 745 1404 813"></td> <td data-bbox="1404 745 1482 813"></td> </tr> <tr> <td data-bbox="456 813 810 880">3. Individual Project</td> <td data-bbox="810 813 970 880">15%</td> <td data-bbox="970 813 1066 880"></td> <td data-bbox="1066 813 1150 880"></td> <td data-bbox="1150 813 1235 880"></td> <td data-bbox="1235 813 1319 880">√</td> <td data-bbox="1319 813 1404 880"></td> <td data-bbox="1404 813 1482 880"></td> </tr> <tr> <td data-bbox="456 880 810 947">4. Class Participation</td> <td data-bbox="810 880 970 947">5%</td> <td data-bbox="970 880 1066 947">√</td> <td data-bbox="1066 880 1150 947">√</td> <td data-bbox="1150 880 1235 947">√</td> <td data-bbox="1235 880 1319 947">√</td> <td data-bbox="1319 880 1404 947"></td> <td data-bbox="1404 880 1482 947"></td> </tr> <tr> <td data-bbox="456 947 810 1014">Final Examination</td> <td data-bbox="810 947 970 1014">50%</td> <td data-bbox="970 947 1066 1014">√</td> <td data-bbox="1066 947 1150 1014">√</td> <td data-bbox="1150 947 1235 1014">√</td> <td data-bbox="1235 947 1319 1014">√</td> <td data-bbox="1319 947 1404 1014"></td> <td data-bbox="1404 947 1482 1014"></td> </tr> <tr> <td data-bbox="456 1014 810 1104">Total</td> <td data-bbox="810 1014 970 1104">100 %</td> <td colspan="6" data-bbox="970 1014 1482 1104"></td> </tr> </tbody> </table> <p data-bbox="456 1160 1482 1243">To pass this subject, students are required to obtain Grade D or above in both the Continuous Assessment and Examination components.</p>								Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c	d			Continuous Assessment	50%							1. Midterm Exam	15%	√	√					2. Group Assignment	15%	√	√	√	√			3. Individual Project	15%				√			4. Class Participation	5%	√	√	√	√			Final Examination	50%	√	√	√	√			Total	100 %						
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Reading List and References	<p data-bbox="456 1753 1482 1821">1. Eun and Resnick, <i>International Financial Management 8/E (Global edition)</i>, ISBN: 9781259922190, McGraw-Hill</p> <p data-bbox="456 1843 1482 1910">2. Geert Bekaert and Robert J. Hodrick, <i>International Financial Management</i>, 1/e, Pearson Education, 2009</p> <p data-bbox="456 1933 1482 2000">3. Bruno Solnik and Dennis McLeavey, <i>Global Investments</i>, 6/e, Pearson Education, 2009</p>																																																																													