

**FINN 3223-001 International Financial Management Spring 2019**

**Professor L. P. Blenman**

**Office - 350B Friday. Tel: 704-687-7705. Fax: 704-687-6987.**

E-mail: [lbleman@uncc.edu](mailto:lbleman@uncc.edu)

**Office Hours**

**TR- By appointment only.**

**Class- TR 4.00 p.m.- 5.15 p.m; Colvard 3120**

**Required Text: Foundations of Multinational Finance, 6<sup>th</sup> edition, Moffett, Stonehill and Eiteman: Pearson 2018. No other materials are required.**

**Course Prerequisite: FINN 3120. (Absolutely required.)**

**Outline of Class Schedule**

Topic 1. Overview: Multinational Financial Management: Opportunities and Challenges -Ch. 1; **Jan. 10<sup>th</sup>**.

**Read Chapter 1 prior to the beginning of the Spring Semester's class.**

Topic 2. International Monetary System- Ch. 2; **Jan. 10<sup>th</sup>. –Jan. 24<sup>th</sup>**.

**Power Point; Read and work through all the relevant Chapter 2 slides.**

Text book: **Problems:** 2-1; 2-5; 2-6, 2-7; 2-8, 2-9 and 2-10 will be done in class. Please try to solve them at home also.

Topic 3. Balance of Payments-Ch. 3; **Jan. 24<sup>th</sup> -Jan. 29<sup>th</sup>**.

**Power Point; Read and work through all the relevant Chapter 3 slides.**

Text book: **Questions:** 3-13 and 3-18 will be done in class. Please try to solve them at home also.

Topic 4. Financial Goals and Corporate Governance, Ch. 4; **Jan. 29<sup>th</sup> -. 31<sup>st</sup>**.

**Power Point; Read and work through all the Chapter 4 slides.**

Text book: **Problems:** 4-1; 4-2; 4-3; 4-5; 4-6; 4-7 and 4-9; will be done in class. Please try to solve them at home also.

**Ungraded** assignment #1, will be posted on Canvas (together with solutions) on or before **Jan. 20<sup>th</sup>**. Use it for self-testing purposes only. Feb 7<sup>th</sup> will be a review day for this class. Answer Key for Midterm 1, will be posted on **Feb. 13<sup>th</sup>**. Graded exams will be returned and discussed on Feb. 14<sup>th</sup>. **You will have one week after I have returned your exams to report any perceived grading error whatsoever.**

## **Midterm Examination #1, Feb. 12<sup>th</sup>.**

**Topic 5.** The Foreign Exchange Market- Ch. 5. Feb. 14<sup>th</sup>. - Feb 19<sup>th</sup>.

**Power Point; Read and work through all the relevant Chapter 5 slides.**

Text book: **Problems:** 5-1; 5-2; 5-3, 5-4; 5-6; 5-8, and 5-9 will be done in class. Please try to solve them at home also.

**Topic 6.** International Parity Conditions- Ch. 6; **Feb. 19<sup>th</sup>. – Feb. 21<sup>st</sup>.**

**Power Point; Read and work through all the relevant Chapter 6 slides.**

Text book: **Problems:** 6-1; 6-2; 6-3; 6-4; 6-5 and 6-10; will be done in class. Please try to solve them at home also.

**Topic 7.** Foreign Currency Derivatives: Futures and Options- Ch. 7; **Feb. 21<sup>st</sup>- 28<sup>th</sup>.**

**Power Point; Read and work through all the relevant Chapter 7 slides.**

Text book: **Problems:**7-1; 7-2;7-5; 7-6;7-7;7-8; will be done in class. Please try to solve them at home also.

## **No Classes during March. 4<sup>th</sup> -March. 9<sup>th</sup>.**

**Topic 8.** Transactions Exposure –Ch. 10.; **Mar. 12<sup>th</sup> -Mar. 14<sup>th</sup>.**

**Power Point; Read and work through all the Chapter 9 slides.**

Text Book: **Problems:** 10-1; 10-2; 10-3; 10-4. will be done in class. Please try to solve them at home also.

**Ungraded** assignment# 2, will be posted on **Canvas** (together with solutions) on or before Feb. 15<sup>th</sup>. **Use it for self-testing purposes only.** **March. 19<sup>th</sup>** will be a **review day** for this class. Answer Key for Midterm 2, will be posted on **March. 23<sup>rd</sup>.** Graded exams will be returned and discussed on March. 26<sup>th</sup>. **You will have one week after I have returned your exams to report, any perceived grading error whatsoever.**

## **Midterm Examination #2, March 21<sup>st</sup>.**

**Topic 9.** Operating Exposure. –Ch. 12.; **Mar. 26<sup>th</sup>. - Mar. 28<sup>th</sup>.**

**Power Point; Read and work through all the Chapter 11 slides.**

Text book: **Problems:** 12-1; 12-2, 12-3 and 12-4 will be done in class. Please try to solve them at home also.

Topic 10. Global Cost, Availability of Capital- Ch.13; **Mar. 28<sup>th</sup>. – Apr. 9<sup>th</sup>.**

**Power Point; Read and work through all the relevant Chapter 13 slides.** Text book: **Questions:** 10, 12, 13, 16, and 18, plus **Problems:** 13-1, 13-2; will be done in class. Please try to solve them at home also.

Topic 11. International Trade Finance. Ch. **16; Apr. 11<sup>th</sup>- Apr. 18<sup>th</sup>.**

**Power Point; Read and work through all the Chapter 15 slides.**

Text book: **Problems:** 16-1; 16-2; 16-3; 16-4 and 16-5. will be done in class.

Please try to solve them at home also.

**No Classes Apr. 19<sup>th</sup> -Apr. 21<sup>st</sup>.**

Topic 12. Foreign Direct Investments, Political Risk. Ch. 17. **Apr. 23<sup>rd</sup>-Apr. 30<sup>th</sup>.**

**Power Point; Read and work through all the relevant Chapter 16 slides.** Text

Book: Problems, 17-1; 17-2; 17-3; and 17-4 will be done in class (time permitting). Please try to solve them at home also.

**Ungraded** assignment #3, (together with solutions), will be posted on **Canvas** on or before **April 7<sup>th</sup>.** **Use it for self-testing purposes only.** This third assignment will constitute a **partial** review for the final exam. **No sample final exam or sample midterm exams will be provided.**

(May 1, 2019. No Classes-Reading Day)

<p style="text-align: center;"><b>Final Examination</b> <b>As Per University Schedule</b></p>
---

### **Course Description**

The course deals with issues of import and export finance, the problems and risks of financing foreign operations and the management of international assets. The treatment that is provided is from the perspective of a financial officer of a corporation or a bank, who has responsibility for the deployment and management of the institution's foreign assets.

## Course Objectives

The objectives of the course are to ensure that all students have a mastery of the elements of international finance and are able to utilize the appropriate financing or hedging vehicles for dealing with the risks of international operations. You will be introduced to the application of forward, futures and option contracts in international finance, and are expected to develop solid expertise in their usage.

At the end of the course it is expected that you will display a good understanding of foreign exchange markets, interest rate parity, purchasing power parity and other parity theorems and the impact of their linkages on the financial management of the firm. The focus is on ensuring that you can conceive of and execute solutions to unusual problems. International finance is a very dynamic and fast-paced field and textbook approaches are not always the best guide to solving problems that might arise. You should be able to think outside the box. **Solutions to all textbook problems covered will be provided after discussions in class. In addition, there are answers to selected End of Chapter Problems in your textbook.**

## Grading.

Grades will be assigned solely on the basis of performance on (3) written in-class examinations (the final examination and 2 midterms). The midterm examinations are weighted **(30%) each**. The final examination is weighted **40%**. I **strongly** encourage you to work through the self-tested (ungraded) assignments in a detailed and conscientious fashion. The effort will test your understanding of the material and provide some insight into your possible future exam performance.

Students are encouraged to pay special attention to all worked examples, relevant textbook Chapters, Lecture Notes, key Power Point Slides and the self-test assignments. Grades are based on the following scale A, 100-90; B, 89-79; C, 78-68; D, 68-58; F, 57-0. **The granting of extra points (or adjustments to the posted scale) will be done solely at my discretion.**

## **EXAMS**

Each midterm exam will be based on **25 multiple choice questions**. Each exam will be similar in content to worked problems from the textbook, Power Point slides, posted notes and its relevant (self-tested) assignment but not identical. The final exam is **comprehensive** and will comprise 30 questions. The final exam will be drawn from Chapters 5, 6, 7, 10, 12, 13 and 16. **There are no posted sample midterms or sample final exams.**

## **Formulas and their Usage**

**I will provide you with a formula sheet (photocopy thereof) from the textbook for each exam.** That should be the only formula sheet in your possession during the exam. If you have any other samples, formulas and/or notes that will be treated as an act of dishonesty.

## **Absences from Examinations.**

If you cannot take the Final Examination, at the scheduled time, for medical reasons, you will be awarded an “I” and can complete the course requirements the following semester. If you miss one midterm examination, your final examination will have a **70%** weight. If you miss two midterm examinations, you will be assigned an “F” for this course.

## **Class absences.**

**Students are expected to attend all classes.** If you miss classes you do so at your own peril. This is not an on-line course. Students, who are not present during the times extra problems are discussed, will still be held responsible for all such materials. Typically, there are problems covered spontaneously in class, on the basis of student questions. **All such samples will not be posted on Canvas.**

## **Lectures**

**This is the capstone course for the study of International Business and International Finance.** I will assume that you are therefore about to enter the job market, this year or next year, if you are not already working. Hence, we will **not** review basic elementary principles of business or finance. Make absolutely sure that you know how to use your own calculator as it is your responsibility. The principal method of instruction

will be primarily by means of lectures via Power Point but we will also cover selected questions from each **test relevant textbook chapter**.

**Lecture notes** are provided as an extra source of help to you. If you do not understand the worked examples, make an appointment to discuss same with me. Please read and work your way through them **using your calculator** to verify the accuracy of all answers. Very old exams of mine are in circulation but they **do not reflect** the current focus of this course. A good non-programmable financial calculator is an absolute necessity. **For each class you should at minimum, try to read the relevant chapter slides so that you are prepared for the in-class discussions.**

### **Academic Integrity and Diversity Statements**

Students are advised to apprise themselves of and adhere to the rules specified in the UNC-Charlotte code of student integrity regulations, which will be strictly enforced in this class.

*The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.*

### **Office Hours**

Please make appointments with me freely to discuss all the problems and concepts that you do not understand.

### **Disability Accommodation**

UNC Charlotte is committed to access to education. If you have a disability and need academic accommodations, please provide a letter of accommodation from Disability Services early in the semester. For more information on accommodations, contact the Office of Disability Services at [704-687-0040](tel:704-687-0040) or visit their office in Fretwell 230.

**Required Text:** Foundations of Multinational Finance, 6<sup>th</sup> edition, Moffett, Stonehill and Eiteman, Pearson, 2018. **No other materials are required.**

**Course Prerequisite:** FINN 3120. (**Absolutely required.**)

This is a capstone course and I know that you are anxious to do well. Students who perform well in my course attend class regularly and participate in class room discussions. They typically spend at least three hours per week reading the course materials at home and are prepared when they attend class.

### **Grading.**

**Midterm 1; (30% of your grade)- 25 Multiple Choice Questions**

**Midterm 2; (30% of your grade)- 25 Multiple Choice Questions**

**Final exam; (40% of your grade)- 30 Multiple Choice Questions**

Grades are based on the following scale A, 100-90; B, 89-79; C, 78-68; D, 68-58; F, 57-0. **The granting of extra points (or adjustments to the posted scale) will be done solely at my discretion.** Please ensure that you understand these rules and the additional options given to you.

**Extra Options for you if you want them:**

1. Permit me to add a maximum of (20%), solely at my discretion, to the sum of your midterm grades and keep the posted schedule with zero deviation, when your final grades are computed.
2. Permit me to modify, solely at my discretion, the posted schedule as needed with no extra 20% allocation, when your final grades are computed.
3. Make no selection but permit me to make the optimal choice when compiling the final course grade.
4. Keep things as they are in the syllabus.

Your name in Block Lettering:

Your signature:

Your choice: