Required Text:

Outline of Class Schedule

Topic 1. Globalization and the Multinational Firm- Ch. 1 (Jan. 9th.)

Topic 2. The Foreign Exchange Market - Ch. 2 (Jan. 16th.)

Topic 3. Forward Markets and Transaction Exchange Risk- Ch. 3 (Jan. 16th. -Jan. 23rd.)

Topic 4. Balance of Payments- Ch. 4 (Jan. 23rd.)

Topic 5. Interest Rate Parity- Ch. 6 (Jan. 30th.)

Topic 6. Speculation and Risk in the Foreign Exchange Market- Ch. 7 (Feb. 6th.-13th.)

Topic 7. Purchasing Power Parity and Real Exchange Rates- Chs. 8 (Feb. 13th.-20th.)

➢ Assignment 1, to be posted on Moodle by Feb. 28th and is due on Mar. 10th. I will post the solutions to Assignment 1 on March 11th. No late assignments will be accepted. Late assignments will be awarded a zero score.

➢ Student recess from March 3rd to March 9th. (No classes)

Midterm Examination (March 13th.)

Topic 8. Monitoring and Measuring Real Exchange Risk- Ch. 9 (Mar. 20th.)

Topic 9. Exchange Rate Determination and Forecasting- Ch. 10. (Mar. 20th.- Mar. 27th.)
Topic 10. International Debt Financing- Ch. 11 (Apr. 3rd.-Apr. 10th.)

Topic 11. International Equity Financing -Ch. 12 (Apr. 10th.)

April 18th.- April 19th. (Spring Weekend-No classes)

Topic 12. International Capital Market Equilibrium - Ch. 13 (Apr.10th.)


Topic 15. Financing International Trade- Ch. 18 (Apr. 24th., as time permits)

➢ Assignment 2, to be posted on Moodle by April 18th and is due on Apr. 28th by email only. No late assignments will be accepted. Late assignments will be awarded a zero score. I will post the solutions to Assignment 2, on Apr. 30th.

➢ Last class day for us is Apr.25th.

Final Examination
(as per University schedule, May 6th. 5.00 p.m-7.30pm)

Course Description

The course deals with issues of the financial management of the multinational firm. The topics addressed will include the management of foreign exchange and political risk and the control and evaluation of the financial policies of multinational firms.

Course Objectives

The objectives of the course are to ensure that you have a mastery of the scope and application of multinational finance in a corporate setting and are able to utilize the appropriate financing or hedging and risk-reduction mechanisms for dealing with the uncertainties of multinational operations and finance. I expect that you will be able to use all the concepts developed during the first parts of the course in applications involving examples that are stylized representations of issues that arise in international finance. Most real-life decisions are made in the context of incomplete information and the examples we will work out in class and the ones you will discuss that are presented in the textbook mini-cases reflect that fact. Therefore you must be able to justify your course of action, and present alternative scenarios if necessary, all with equal skill, as
decisions are never quite clear-cut in the real world. In your professional life, you will have to make decisions on limited information.

**Course Policies**

**Grading.**
Grades will be assigned on the basis of performance on (2) written in-class examinations (the final examination and the midterm), 2 take home assignments, and general class participation and snap quizzes. All assignments are to be submitted by email to  lblenman@uncc.edu. The weights of the various grading elements are as indicated below.

- Midterm- 30%; Final Exam- 40%; Class participation and snap quizzes -10% and Assignments– 20%

Please pay special attention to worked problems and illustrated classroom examples, since these will be related to **not identical to** the material on the midterm and the final examination. Grades will be assigned solely on the basis of scores on the following scale A, 100-90; B, 89-80; C, 79-70; D, 69-60; F, 59-0. This scale is the sole basis for the determination of your final grade.

**Assignments and Lectures**
The principal method of instruction will be primarily by means of lectures via PowerPoint. Where appropriate I will point out the relevant sections in your textbook. We cannot go through all the text book materials as well as the Power Point materials, within the confines of the class period. So I have chosen to work with the Power Point slides and indicate to you what parts of the textbook should not be covered. All required information about the course is already posted on Moodle prior to the start of the semester.

I will not provide any typical sample exams. Students are expected to actively participate in classroom discussions and in the solving of class room and text book problems. You should be prepared for class by reading the assigned chapters and Power Points, before the class meets.

Solving problems, reading the textbook and participating in classroom discussions are ways in which you can work to improve your understanding of the course material. Students are encouraged to come to my office and discuss the material as we cover them in class. Check your university email
weekly and the Moodle site for any additional materials that I may post or distribute to the class electronically.

Students are expected to have a single, good non-programmable financial calculator to assist them in solving assigned problems. Make sure that you know how to use your own calculator as this is a MBA level class. Set your calculator to be accurate up to eight (8) decimal places. Since international finance is a dynamic and constantly changing area students are expected to keep abreast of current events in financial markets. This can be achieved by reading the Wall Street Journal, New York Times, Business Week or Euromoney, which are all good sources for current information.

**Exams**

All exams will be based on multiple choice questions. The same format will cover all in-class exams. This semester there will still be a maximum of 30 questions on each exam. Some questions will require specific numerical answers and others will require conceptual knowledge. You will have to select one answer which you think is the most appropriate answer for the question given.

However, we have transitioned to a new text book and old exams that are floating around may not be appropriate for preparing for this semester’s exams. In that regard I have decided to give you two assignments instead of the regular case study. One assignment is due prior to the midterm and the other one just prior to the final exam.

**Formulas and their Usage**

Modern finance is very quantitative for the most part. In many cases the formulas you will need are already embedded within your calculator. This is true of bond pricing problems and other elementary time value problems. In other cases, different types of formulas are required. For instance there are no formulas for currency problems within your calculator. I will permit you to bring to each exam, a single 4 ¼ x by 5 ½ card with any **formulas** written on it, both sides if you wish. By formulas I do not
mean written definitions. No written solutions to problems should be on that card. If you place any extra materials on that card that are not formulas, that act will be viewed as an act of dishonesty.

**Snap Quizzes and class participation**
There is a solution manual for the primary text but you will **not** have access to it. In any event the materials that I hand out, the problems we work in class and the assignments are sufficient for you to do well in the course. I will take attendance in this class at random times sometimes at the start of the class and others at and the end of the mini-break. You are allowed one missed class no questions asked. You will lose 1% point for every added missed class up to a maximum of 5%.

**Curving/Score Adjustments/Formulas**
There are typically no adjustments made to class scores if the class average on an examination is B or higher. I nevertheless reserve the right to make any adjustments as I deem necessary. If your individual examination has been incorrectly graded I will ensure that the correct grade is posted once you bring it to my attention **within 1 week of** my returning examination scores to the class. Students should prepare for the exams as if no formulas will be handed out. That means that if I hand out formulas they should be regarded as supplemental. The formulas by themselves mean nothing. What is important is their application and proper usage. In any event you will have your own formula sheets but I want you to understand the usage of all the formulas you write on that sheet/card.

**Absences from Examinations.**

The **Final Examination** must be taken at the scheduled date and time and no makeup examination will be given if the examination is not taken at the scheduled date and time, except if (a) you have a valid medical reason and doctor’s certificate for not being able to take the examination at the scheduled date and time and/or (b) prior approval is obtained from me to
take the examination, at a date earlier than the scheduled date. If you miss the midterm examination, the final examination will carry a weight of 70%. There are no make-up exams for the missed midterm.

**Computation Of Your Final Course Average.**

Suppose that your scores are Assignment #1, 90%, Assignment #2, 90%, MT #1-100%, Final Exam-90%, Quizzes and Participation 90%. Your course score is computed using the following formula (MT#1 Score)(.30)+(Final Exam)(.40)+(Assignment #1 Score+ Assignment #2 Score)(.10)+Class Participation and Quizzes (.10). In this example the average score is 93. This means that you have earned an “A” for the course. If you do not understand how to compute your final grade, do not hesitate to ask. This is the sole basis for determining your final grade. **There are no dropped exams/grades.**

**Academic Integrity**
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 enforced in this class. Students should prepare to be tested on covered material without the use of any notes, formula sheets etc. A good non-programmable financial calculator should be sufficient to provide all needed computational assistance.

Belk College Statement on Diversity:
*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.*