



**INTERNATIONAL FINANCE
FINA 5514D -2017
THURSDAY 6:05PM – 8:55PM
LOCATION: CANAL BUILDING 2104**

INSTRUCTOR: Dr. Samuel Asiedu
OFFICE: DT 919-2
PHONE: Ext. 3248
EMAIL: samuel.asiedu@carleton.ca
OFFICE HOURS: 4:30pm to 5:30pm; By appointment

COURSE DESCRIPTION

Issues encountered by the multinational financial manager in making financing and investment decisions within a global context. Foreign exchange markets, parity conditions, currency quotation methods, management of foreign exchange/political risk and international capital budgeting.

International Finance covers some of the most complex, but also important domain in financial economics. It examines the dynamics of the global financial markets, the international monetary systems, foreign exchange systems, global investment and financing flows, all in the context of international financial management decisions of the Multinational Enterprise (MNE).

The purpose of this course is to accomplish the following:

- a) Convey concepts fundamental to an understanding of the finance function in multinational enterprises, within the framework of cross-border complexities.
- b) Illustrate the types of problems that financial executives face in multinational enterprises, and present analytical tools available for the solution of these problems. The course explores how financial executives/managers in MNEs make financing, investment and risk management decisions in a global financial environment. The course further examines the foreign exchange markets, international parity conditions, currency quotation methods, analysis and management of foreign exchange and political risks, and international capital budgeting.

LEARNING OBJECTIVES

- a) Learn and apply the nature of foreign exchange markets.
- b) Learn and apply the drivers of FX levels.
- c) Learn and apply the basic parity relationships in FX markets.
- d) Learn and apply the basic risk management objectives, and related tools.
- e) Learn how the international context leads to variation in the basic corporate finance functions.

LEARNING OUTCOME

- a) On successful completion of this course, the participant will have mastered the fundamental international finance concepts and techniques, and acquired the skill and ability to apply these techniques to financial problem-solving and decision-making in international finance, in the context of the MNE.
- b) The skills developed through this course will further the participant's career and understanding of international finance events, and provide a better understanding of the controversies surrounding hotly debated global financial issues.

PREPARATION AND PARTICIPATION

- a) The pedagogical approach adopted in this course is a combination of (i) lectures, augmented by (ii) in-class discussion of current international finance issues (iii) in-class case review and discussion (iv) presentation of team project by students.
- b) Each class will commence with 15-30 minutes in-class discussion of current international finance topical issues of the week, gleaned from various news sources. Each student is required to come to class prepared to discuss at least one key International Finance/Multinational Enterprise issue or topic of the week. It will be followed by a 1 hour to 1.25 hours of lecture on the concepts and frameworks of the topic for the day, in accordance with the required textbook. There will be a 15 minutes intermission. The break will be followed by completion of the lecture and working of problems related to the topic of the day, to reinforce what has been learned. The last 30-minutes of the class will be devoted to discussion of the mini case for the week, where appropriate.

COURSE RESTRICTIONS: Enrolment in the MBA program

COURSE PREREQUISITES: FINA 5502

REQUIRED RESOURCES

- a) Multinational Business Finance, D.K. Eiteman, A.I. Stonehill and M.H. Moffett, 14th edition, Prentice Hall. ISBN-13: 978-0-13-387987-2 (2016)

ADDITIONAL RESOURCES

- a) International Financial Management: Canadian Perspectives, Brean, Don; Eun, Cheol; Resnick, Bruce, 3rd Edition Hardcover 2014, McGraw-Hill Ryerson Ltd. Canada ISBN-13: 9781259075438
- b) Fundamentals of Multinational Finance, Moffett, Stonehill, Eiteman, 6th Edition, Pearson Education Inc., ISBN 978-0-13-447213-3 (2017)

TAKE HOME EXAMINATION DATE

The final examination will be a take-home examination. The exam question paper will be posted on the course site on Monday December 18, 2017 no later than 10 am. The exam answer booklet will be distributed on December 14, 2017 at the end of the presentation. The exam answer booklet (hand written hard copy) must be submitted individually, and in person, to the Instruction in his office at DT 919-2 on the same Monday December 18, 2017, at 5:00 pm prompt, but no later than 5:30 pm. Any submission after 5:30pm will render your examination null and void.

DROP COURSE POLICY

The deadline for academic withdrawal is the last day of classes (each term).

GRADING SCHEME

Attendance and Contribution to Class Discussion	10%
Weekly Case Review and Answering of Case Questions	10%
Group Assignment - Case	20%
Group Project – MNE Presentation	30%
Take Home Examination	30%
TOTAL	100%

GROUP PROJECT - MNE PRESENTATION

Please prepare a presentation, duration of strictly 15 minutes, on the history, status and prospects of a multi-national enterprise (“MNE”) to be approved by the instructor. Excessively familiar MNEs are not permitted. Please consider the following:

- a) A brief description of the company with particular emphasis on the products or services it delivers and its comparative advantage – what does it do well compared to its competitors;
- b) The extent to which it is international – demonstrate it.
- c) What motivated it to become a multinational enterprise – specifically which comparative advantages was it seeking to exploit;
- d) Challenges and difficulties the company has faced or currently faces because of its internationalization;
- e) The company’s response to controlling, adapting or managing its challenges and difficulties.
- f) The primary and secondary sources of financing the MNE currently uses;
- g) The supply chain the MNE uses and relies on;
- h) Recent mergers and acquisitions activities the MNE has engaged in, and the strategic and financial reasons for doing so.
- i) Whether or not becoming an MNE has been beneficial for the company, expressed in both strategic and financial terms; and,
- j) Full financial review (last three years) of the MNE you have selected, discussing the sources of capital it uses to finance its activities worldwide.
- k) The competitive strategy it is using to become a winner in the space it operates.
- l) Its capital market performance in terms of its stocks and debt instruments being used.
- m) The foreign exchange risks it is dealing with, and the risk management strategies it has adopted to address those risks in the short and long term horizon.

Use the concepts presented in the text book and in class to support your discussion. The deliverable is an oral presentation, and hand-in of the power point deck used in the presentation. The presentation will be based on group work (**not more than four (4) members**), and the topics will be agreed on by the instructor. Each member of the team will participate fully in the preparatory work, and the actual

presentation. Hardcopies will be handed to the instructor prior to the presentation. A soft copy of the presentation must be e-mailed to the instructor on the day of the presentation. The grade for the group will be based on the following:

- a) **Content** – The content must be relevant and meaningful and cover all important points of the topic.
- b) **Presentation** – The presentation must have a clear structure, logical order and easy to be followed by the audience.
- c) **Format** – Presentation handouts and materials projected on the screen must be professional, with no spelling or grammatical errors.
- d) **Delivery** – The presenters must make the materials interesting to the audience, with clear explanations and examples where appropriate. Presenters must provide correct and meaningful answers to questions posed during the oral presentation.

RECOMMENDED INTERNATIONAL FINANCE NEWS RESOURCES

CFA Institute Financial NewsBrief
The Institute of International Finance (IIF)
International Finance Magazine
Global Market News - Reuters
CNBC – Market Insider
CNN Business News
McKinsey – Global Capital Markets
Commentary from the Federal Reserve System
Commentary from the Bank of Canada
LCD Global Research Market Commentary
The Securities Industry and Financial Markets Association (SIFMA)
Global Financial Markets Association (GFMA)
National Post
Globe and Mail
The Economist
The Wall Street Journal
The Financial Times
Bloomberg News
The Economist

IN-CLASS PARTICIPATION AND CONTRIBUTION

This is based not only on class attendance, (attending each class and arriving on time and staying for the entire class), but also value-added contribution to in-class discussion such as provision of relevant examples or opinions on topics being discussed or answering instructor's questions.

GROUP ASSIGNMENT - CASE

The assignment will focus on the concepts, tools and frameworks of international finance, discussed from the relevant readings of the course, as presented through lectures and in-class discussion. The assignment will be given out at the end of the November 23, 2017 class. It will be based on the same group membership to be used for the MNE Presentation. Each group will submit detailed solution to

the problems presented in the assignment. Marks assigned to the paper will apply to all the members of the group. A hard copy and a soft copy (by e-mail) will be handed over to the instructor at the start of the November 30, 2017 class.

INTERNATIONAL FINANCE / MULTINATIONAL ENTERPRISE ISSUE/TOPIC OF THE WEEK

Each student will come to class ready to discuss at least one global financial market topic of the week, gleaned from any of the various news sources. In preparing for the discussion of the topical issue, students must be ready to orally (i) describe briefly the key components of topical issue (ii) itemize the key implication(s) of the issue on the international finance counterparties (iii) state your personal opinions and conclusions you can draw from the topical issue.

WEEKLY CASE REVIEWS AND ANSWERING OF CASE QUESTIONS

The Case or Mini-case for the respective week will be identified by the Instructor and must be read prior to coming to the class. In preparation for the discussion of the case, students must be ready to orally (i) state the facts of the case (ii) discuss response to the questions accompanying the case (iii) articulate their personal opinion of the application of the concepts of the Course to the Case. The Case will first be discussed in a group setting and each group will provide their views to the general class. Each student will submit a one-page double line type-written answer of the case questions specified by the Instructor. The hard copy paper will be handed to the instructor at the start of the class.

DEFERRED FINAL EXAMINATION

Students unable to write a final examination because of illness or other circumstances beyond their control must contact the instructor and the MBA office in writing to request a deferred exam. Permission may be granted when the absence is supported by a medical certificate and or appropriate document/s to support the reason for the deferral.

COURSE/SEMINAR SCHEDULE

Week/ Lecture	Date	Topic/Agenda	Chapters	Pre-class Prep Case Review
1	Nov. 9, 2017	Global Financial Environment Multinational Financial Management – Opportunities and Challenges The International Monetary System The Balance of Payments Financial Goals and Corporate Governance	1 - 4	To be assigned one week before the class
2	Nov. 16, 2017	Foreign Exchange Theory and Markets The Foreign Exchange Market International Parity Conditions Foreign Currency Derivatives - Futures and Options Interest Rate Risk and Swaps Foreign Exchange Rate Determination	5 - 9	To be assigned one week before the class
3	Nov. 23, 2017	Foreign Exchange Exposure Transaction Exposure Translation Exposure Operating Exposure Group Case Assignment Date	10 - 12	To be assigned one week before the class
4	Nov. 30, 2017	Financing the Global Firm The Global Cost and Availability of Capital Raising Equity and Debt Globally Multinational Tax Management International Trade Finance	13 - 16	To be assigned one week before the class
5	Dec. 7, 2017	Foreign Investments and Investment Analysis Foreign Direct Investment and Political Risk Multinational Capital Budgeting and Cross-Border Acquisition	17 - 18	To be assigned one week before the class
6	Dec. 14, 2017	MNE Presentations	N/A	N/A
7	Dec 18, 2017	Take Home Examination	N/A	N/A

COURSE SHARING WEBSITES

Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

POLICY ON MOBILE DEVICES

The use of mobile devices IS NOT PERMITTED in this class. It is disruptive to the instructor and class members. If you carry such a device to class, please make sure it is turned off. If an emergency situation requires you to keep it turned on, please discuss this with your instructor prior to class.

GROUP WORK

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your instructor may assign one or more group tasks/assignments/projects in this course.

Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

PERSON WITH DISABILITIES

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). Requests made within two weeks will be reviewed on a case-by-case basis. After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website (www.carleton.ca/pmc) for the deadline to request accommodations for the formally-scheduled exam (if applicable).

RELIGIOUS OBSERVANCE

Students requesting academic accommodation on the basis of religious observance should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student.

Students or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton's Academic Accommodation policies, or may contact an Equity Services Advisor in the Equity Services Department for assistance.

PREGNANCY

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete *a letter of accommodation*. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

ACADEMIC INTEGRITY

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include expulsion; suspension from all studies at Carleton; suspension from full-time studies; a refusal of permission to continue or to register in a specific degree program; academic probation; and a grade of Failure in the course, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <http://carleton.ca/studentaffairs/academic-integrity/>.

IMPORTANT DATES AND DEADLINES

[HTTPS://SPROTT.CARLETON.CA/STUDENTS/MBA/DATES-DEADLINES-POLICIES/](https://sprott.carleton.ca/students/mba/dates-deadlines-policies/)