Finance 654  (Int’l. Fin. Seminar)
Summer 2013

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Course Objectives
Develop a deep understanding of: international financial instruments, markets, and institutions; international trade and capital flows; foreign exchange risks and their management; direct and portfolio investment; implications for the conduct of global business.

Student Learning Outcomes
- Identify the key aspects of international trade and calculate its potential gains to participating nations.
- Describe the characteristics of foreign exchange markets, identify the different currency regimes, and measure the gains/losses from engaging in speculative and arbitrage activities.
- Understand the theories of purchasing-power and interest-rate parity and their predictions about prices in foreign exchange markets.
- Calculate common measures of foreign exchange risk.
- Calculate hedges using derivatives to achieve a desired level of foreign exchange risk exposure.
- Identify the major elements of long- and short-term international capital movements, and calculate the acceptance/rejection of foreign projects.

REQUIRED MATERIAL:
CLASS NOTES (CN): *Fin. 654, Class Notes, Summer 2013*

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<td>INTRODUCTION</td>
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<td>■ Course Objectives</td>
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<td>■ The Global Economy/Multinationals (Ch 1; CN, pp. 1-2)</td>
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<td>INTERNATIONAL FINANCIAL ENVIRONMENT</td>
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<td>■ International Trade (CN, pp. 3-3A; Text, Appendix 1A)</td>
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<td>■ Balance of Payments (Ch. 5; CN, pp. 4-5)</td>
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<td>■ Int’l. Monetary Arrangements (Ch. 3; CN, p. 6-7A)</td>
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<td>■ International Institutions (CN, p. 7)</td>
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July 17  GLOBAL CURRENCY / CAPITAL MARKETS
- The Foreign Exchange Markets (Ch. 2; Ch. 7; CN, pp. 8-8B)
- Int’l. Fin. Instruments / Activities. (Ch. 8; Ch. 4; CN, pp. 8C-12)

22  - The Growth of Euro-Markets (Ch. 13; CN, pp. 13-14)
    - Interest Rate / Currency Swaps (Ch. 9; CN, p. 14)

July 24  EXAM I

29  FOREIGN EXCHANGE EXPOSURE AND HEDGING STRATEGIES
    (Chs. 10, 11; CN, pp. 15-17)

31  INTERNATIONAL SHORT-TERM CAPITAL MANAGEMENT
    (Ch. 19; CN, 18-18D)

Aug. 5  Written Country/Currency Report Due

5  INTERNATIONAL LONG-TERM CAPITAL MANAGEMENT
    - Capital Flows: Theory and Evidence (Ch. 16; CN, p. 19)
    - Political Risk (Ch. 6; CN, pp. 20-21)

7  - Int’l Capital Budgeting (Ch. 17; CN, 22-22D)

12  SPECIAL TOPICS:
    - Int’l. Taxation (CN, P. 23)
    - International Banking/Debt (CN, pp. 24-24C)

Aug. 12  Written Case Due

Aug. 14  EXAM II

GRADING: The course grade is determined on the basis of two exams (300 points each), a written country/currency report (100 points), and a written case analysis (100 points).