



BUSI 4504A
International Finance
Winter 2015

INSTRUCTOR	Michael McIntyre	PHONE	613-520-2600 ext. 2514
CLASS TIME	Tues. 2:35 to 5:25PM	E-MAIL	michael.mcintyre@carleton.ca
ROOM:	ME4499	OFFICE	DT 1718
OFFICE HOURS	By appointment		

BUSI 4504 [0.5 credit]

International Finance

This course addresses the management of corporate finance as it is affected by the requirements of international business, including issues related to international acquisitions, global investments, volatile exchange rates and hedging techniques. The role of international markets in financing corporate activity is also considered.

PREREQUISITES

Precludes additional credit for BUSI 3504 (no longer offered).

Prerequisite(s): BUSI 3500, BUSI 3502, BUSI 3512 with a grade of C- or higher in each, and STAT 2607 with a grade of C- or higher. **The School of Business enforces all prerequisites.**

COURSE OBJECTIVES

The purpose of this course is to do the following:

- a) Convey concepts fundamental to an understanding of the finance function in multi-national enterprises; and,
- b) Illustrate the types of problems that financial executives face in multinational enterprises, and some of the analytical tools available for the solution of these problems.

The course is comprised of lectures and experiential learning, including three course deliverables – a presentation on a country, presentation on an issue relevant to an important international finance issue (to be approved by the course instructor), and a presentation on a multi-national enterprise. Details are provided below.

REQUIRED TEXT

Textbook (required): Multinational Business Finance, D.K. Eiteman, A.I. Stonehill and M.H. Moffat, 13th edition, Prentice Hall. ISBN-10: 0132743469.

Reading Schedule			
	Date	Topics	Chapters
1	Jan. 6	Global Financial Environment Globalization and the Multinational Enterprise Financial Goals and Corporate Governance	1-5
2	Jan. 13	Foreign Exchange Theory and Markets Part I The International Monetary System The Balance of Payments The Foreign Exchange Market	6
3	Jan. 20	Foreign Exchange Theory and Markets Part II International Parity Conditions	7
4	Jan. 27	Country Presentations Commence Foreign Exchange Theory and Markets Part III Foreign Exchange Rate Determination and Forecasting	9
5	Feb. 3	Risk Management Foreign Currency Derivatives and Swaps	8
6	Feb. 10	Foreign Exchange Exposure Transaction Exposure Operating Exposure	10 12
7	Feb. 17	Reading week	
8	Feb. 24	Topic Presentations Commence Financing the Global Firm Part I The Global Cost and Availability of Capital	13
9	March 3	Financing the Global Firm Part II Raising Equity and Debt Globally	14
10	March 10	International Portfolio Theory and Diversification	16
11	March 17	Foreign Direct Investment Theory and Political Risk	17
12	March 24	MNE Presentations Commence Multinational Capital Budgeting	18
13	March 31	Summary and review	

GRADING SCHEME¹

Country presentation and critique	25%
Article presentation and critique	25%
MNE presentation	20%
Final Exam	30%

All course material, including content from the country presentations, article presentations, and MNE presentations, is eligible for testing on the final exam. In the event a student cannot participate in class, or complete a course deliverable for a reason permitted under the university's guidelines, the weighting of the course component will be added to the weighting of the final

¹ The country, topic, and MNE presentations will be completed in groups.

exam provided the student submits the appropriate supporting documentation (e.g. doctor's note). Please note that all final grades are subject to the Dean's approval.

COURSE COMPONENTS

Topic Selection

The countries and MNEs eligible for presentations 1 and 3 are listed below by group. The assignment of students to groups will be done in class 2. Following the determination of group compositions, time will be devoted in class 2 to the selection of topics for the second presentation, to be approved by the course instructor.

Group	Country	MNE
1	Brazil	Embraer
2	Denmark	Carrefour
3	Japan	Honda
4	Turkey	Siemens
5	Australia	BHP Billiton
6	Zimbabwe	Vodafone
7	New Zealand	Fisher & Paykel
8	China	Lenovo Standard
9	South Africa	Chartered
10	South Korea	Samsung
11	Egypt	Zara (Inditex)
12	Iceland	H&M
13	Israel	BMW
14	Russia	Tesco
15	India	Tata Industries

Country presentation

1. Main presentation: Prepare and deliver a presentation, strictly limited to 12 minutes, on the history, status and prospects of a country's currency. The presentation is to consider the following:
 - a. A brief description of the country and its economy, including key industries and products;
 - b. The key political and economic events that affected the currency over the last one hundred years;
 - c. Current key macroeconomic indicators (e.g. money supply growth, fiscal spending, deficits, balance of payments, national debt, GDP per capital, and productivity, quality of life and corruption perceptions);
 - d. Current fiscal and monetary policy;
 - e. Comment on how well the country has managed its currency;
 - f. Whether or not the country is of interest to an MNE – e.g. as a source of supply, a market, a manufacturing location; and,
 - g. Concluding comments.

- h. Please use the concepts presented in the book and in class to support your discussion.
 - i. Deliverables: A soft copy of the presentation to be emailed to the course instructor before noon on the day of the presentation and a hard copy of the presentation to be handed in at the beginning of the class in which the presentation is to be made. Please retain a hard copy of your work for your records. Please include the country name, course number and year in the file name (e.g. China 4504 F13.ppt).
2. Critique: For each of two country presentations, per the presentation and critique schedule to be presented in class, oral commentary in the class in which the country is presented, questions for the presenters, and written remarks delineating the main issues the country is facing to a maximum of 300 words. The written remarks are to be handed in at the beginning of the class in which the critique is to be made. Please retain a hard copy of your work for your records.

Article presentation

1. The nature of this course component will be discussed in detail in class 2. It will include three components: a topic to be presented in class, and a critique of two additional topics presented by others per the presentation and critique schedule to be presented in class. The deliverables are:
- a. Main presentation: A soft copy of the presentation to be emailed to the course instructor before noon on the day of the presentation and a hard copy of the presentation to be handed in at the beginning of the class in which the presentation is to be made. Please retain a hard copy of your work for your records. Please include the country name, course number and year in the file name (e.g. China 4504 F13.ppt).
 - b. Critique: For each of the two critiques, oral commentary in the class in which the topic is presented, questions for the presenters and one page of remarks delineating the main issues relating to the topic to a maximum of 300 words. The written remarks are to be handed in at the beginning of the class in which the critique is to be made. Please retain a hard copy of your work for your records.

MNE presentation

1. Prepare and deliver a presentation, strictly limited to 12 minutes, on the history, status and prospects of a multi-national enterprise (“MNE”). The presentation is to 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 – maps of locations work well here;
 - 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 – political risk, etc.;
 - e. The company’s response to controlling or managing its challenges;
 - f. Whether or not becoming an MNE has been beneficial for the company expressed in both strategic and financial terms; and,
 - g. Concluding comments.

- h. Please use the concepts presented in the book and in class to support your discussion. The deliverable is a soft copy of the presentation to be emailed to the course instructor before noon on the day of the presentation and a hard copy of the presentation to be handed in at the time of the presentation. Please retain a hard copy of your work for your records. After presentation 1, your group will be identified by its country name. Accordingly, please use a file name following this example: China Sony 4504 W13.pptx.

General Comments on Presentations

The presentation marks will be divided approximately into 80% for content, and 20% for presentation skills. Your content mark will depend on the quality of your facts and explanations. Your presentation mark will depend on the quality of your presentation and your adherence to the following:

- a) The presentation must be completed within the specified time limit. If it isn't, you will be asked to end your presentation and your presentation mark may be adjusted downwards; and,
- b) Your presentation mark will depend on the clarity of your overheads and comments, whether or not you are convincing in your arguments, and whether the story you tell is interesting.

Class participation

Students are expected to participate in all classes, especially the country, topic and MNE presentations.

IMPORTANT ADDITIONAL INFORMATION

Required calculator in BUSI course examinations

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

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, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor 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.

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56

A - = 80-84 B - = 70-72 C - = 60-62 D - = 50-52
F = Below 50 WDN = Withdrawn from the course
ABS = Student absent from final exam
DEF = Deferred (See above)
FND = (Failed, no Deferred) = Student could not pass the course even with 100% on final exam

Academic Regulations, Accommodations, Etc.

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

Requests for Academic Accommodations

Academic Accommodations for Students 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*). After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made.

- - The deadlines for contacting the Paul Menton Centre regarding accommodation for final exams for the December 2014 exam period is November 7, 2014 and for the April 2015 exam period is March 6, 2015.

For Religious Obligations:

Students requesting academic accommodation on the basis of religious obligation 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 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.

For 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://www2.carleton.ca/sasc/advisingcentre/academic-integrity/>.

Assistance for Students:

Student Academic Success Centre (SASC): www.carleton.ca/sasc

Writing Tutorial Services: <http://www1.carleton.ca/sasc/writing-tutorial-service/>

Peer Assisted Study Sessions (PASS): www.carleton.ca/sasc/peer-assisted-study-sessions

Important Information:

- Students must always retain a hard copy of all work that is submitted.
 - All final grades are subject to the Dean’s approval.
 - Please note that you will be able to link your CONNECT (MyCarleton) account to other non-CONNECT accounts and receive emails from us. However, for us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CONNECT address. Therefore, it would be easier to respond to your inquiries if you would send all email from your connect account. If you do not have or have yet to activate this account, you may wish to do so by visiting <https://portal.carleton.ca/>
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