



Carleton
UNIVERSITY

SPROTT
SCHOOL OF BUSINESS



AACSB
ACCREDITED

**INTERNATIONAL FINANCE
FINA 5514, D
MONDAYS, 6:05 - 8:55PM
FALL 2019**

Instructor: Mike McIntyre

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Office Hours: Available on request Tuesdays after 12:30PM and Mondays, 12:30PM-2:00PM.

Course Calendar description from the 2019/2020 University calendar:

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.

Course Description:

It is the objective of this course to teach students:

- the nature of foreign exchange markets
- the drivers of FX levels
- the basic parity relationships in FX markets
- basic risk management objectives, and related tools
- how the international context leads to variation the basic corporate finance functions

Course Pre-requisites:

Prerequisite(s): [FINA 5502](#). **The School of Business enforces all prerequisites.**

Textbook:

Suggested but not required:

Multinational Business Finance, D.K. Eiteman, A.I. Stonehill and M.H. Moffat, 15th edition, Prentice Hall.

Foreign Exchange Markets and Transactions. HBS 9-205-016.

Note on Country Risk and Competitive Advantage in Latin America. Ivey 9A98G01.

Additional readings will be specified during the term.

Exam Date: December 16, 2019 during normal class time.

Drop Course Policy: The deadline for academic withdrawal is the last day of classes this term

Grading Scheme:	Weighting (%)
Correctly completed Group	
Registration form submitted on time	5
Country team assignment	30
MNE team assignment	30
Final exam	35
Total	100

Country Team Assignment

Prepare and deliver a presentation on the history, status and prospects of a country's currency. The duration of the presentations is to be determined in class depending on the number of groups involved. 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 or so;
- c) Current key macroeconomic indicators (e.g. money supply growth, fiscal spending, deficits, balance of payments, national debt, GDP per capita, 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) Address 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.

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 class on the day of the presentation and a hard copy of the presentation to be handed in at the time of the presentation.

Your choice of country must receive the instructor's approval, mainly to avoid duplication by other groups.

MNE Team Assignment

Prepare and deliver a presentation on the history, status and prospects of a multi-national enterprise. The duration of the presentations is to be determined in class depending on the number of groups involved. 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 it does 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 – e.g. 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.

The company must be foreign. For the purposes of this course a company is foreign if its main share listing is not the TSE or an American exchange and its head office is outside Canada or the US. 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 class on the day of the presentation and a hard copy of the presentation to be handed in at the time of the presentation.

Your choice of MNE must receive the instructor's approval, mainly to avoid duplication by other groups.

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) Each group member must speak during the presentation.
- b) 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.
- c) Your presentation mark will depend on the clarity of your overheads and comments, how convincing you are, and whether the story you tell is interesting.

Final Exam Date: December 16, 2019 during normal class time.

The **final exam** will be a two-hour test comprised of 40 multiple choice questions.

Material covered during the entire course is eligible to be addressed in the final exam.

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 Schedule:

	Date	Topics	Chapters
1	Nov. 4	Global Financial Environment 1. Multinational Fin Mgmt: Challenges & Opportunities 2. The International Monetary System 3. The Balance of Payments 4. Financial Goals and Corporate Governance	1-4
2	Nov. 11	Foreign Exchange Theory and Markets 5. The Foreign Exchange Market 6. International Parity Conditions 9. Exchange Rate Determination & Forecasting Group Registration Form Due	5, 6, 9
3	Nov. 18	Country Presentations	
4	Nov. 25	Foreign Exchange Exposure 10. Transaction Exposure 12. Operating Exposure 7. Foreign Currency Futures & Options	10, 12, 7
5	Dec. 2	17. Foreign Direct Investment & Political Risk 18. Multinational Capital Budgeting & Cross-Border Acquisitions	17, 18
6	Dec. 9	MNE Presentations	
7	Dec. 16	In Class Final Exam	

**FINA 5514 International Finance
Topic Selection Form**

Please use the following form to submit group member details, and topic selections. Each group must choose one person who is to correspond with the instructor on topic selection. Please indicate the contact person by placing an X in the second column of the form.

PLEASE PRINT CLEARLY

		Name	Carleton Email Address	Student Number
1.	<input type="checkbox"/>			
2.	<input type="checkbox"/>			
3.	<input type="checkbox"/>			
4.	<input type="checkbox"/>			
5.	<input type="checkbox"/>			

Presentation	Name or Description	Comments (optional)
Country (please choose 3 in rank order of your interest)	1. 2. 3.	
MNE (please choose 3 in rank order of your interest)	1. 2. 3.	

ADDITIONAL INFORMATION

Course Sharing Websites

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).

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 Spratt 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			

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

Academic Regulations

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 Accommodation

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

Pregnancy obligation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is

known to exist. For more details, visit the Equity Services website:

<https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

Religious obligation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website:

<https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

Academic Accommodations for Students with Disabilities

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or pmc@carleton.ca for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC 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 your instructor as soon as possible to ensure accommodation arrangements are made. carleton.ca/pmc

Survivors of Sexual Violence

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and is survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit:

<https://carleton.ca/sexual-violence-support/>

Accommodation for Student Activities

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist.

<https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: students.carleton.ca/course-outline

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; a grade of Failure on the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, 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: <https://carleton.ca/registrar/academic-integrity/>

Centre for Student Academic Support

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: carleton.ca/csas

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.
- 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 CARLETON address. Therefore, in order to respond to your inquiries, please send all email from your Carleton CMail account. If you do not have or have yet to activate this account, you may wish to do so by visiting <http://carleton.ca/ccs/students/>

Important dates and deadlines

<https://sprott.carleton.ca/students/mba/dates-deadlines-policies/>