



INTERNATIONAL FINANCE
FINA 5514D -2018
MONDAY 6:05PM – 8:55PM
LOCATION: CANAL BUILDING 2202

INSTRUCTOR: Mr. Graham Edwards

OFFICE: TBD

PHONE: TBD

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OFFICE HOURS: Thursday 11:30am to 1:00pm; 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 15-20 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 1.50 hours of lecture on the concepts and frameworks of the topic for the day, in accordance with the required textbook. There will be a 10-15-minute 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

Multinational Business Finance, D.K. Eiteman, A.I. Stonehill and M.H. Moffett, 15th edition, Prentice Hall.
ISBN 9780134811918

GRADING SCHEME

Attendance and Contribution to Class Discussion – Case Review	10%
Quiz #1	10%
Quiz #2	10%
Group Project – MNE Presentation	30%
Final Exam	40%

TOTAL

100%

QUIZZES –

There are two quizzes scheduled throughout this course. Quizzes are designed to focus on material that was just covered. The goal of quizzes is to encourage you to keep up with the course material and to measure your understanding of the material. The quizzes will be approximately 30-35 minutes in length. At the end of the lecture preceding the week of a quiz, you will be informed of the topics that will be tested. There will be no make-up quizzes.

GROUP PROJECT - MNE PRESENTATION

Please prepare a presentation, duration of strictly 20 minutes, on the history, status and prospects of a multi-national enterprise ("MNE") to be approved by the instructor. 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.

The company must be foreign. For the purposes of this course an MNE is foreign if its main share listing is not the TSX or an American exchange and its head office is outside Canada or the US. 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.

The MNE mark will be divided as follows: 80% for report content, and 20% for presentation skills. The MNE report must be in 12 font, 1.5 line spacing and between 12-13 pages in length, not including any Appendices, which would be additional. Individual group evaluation forms will be completed after the MNE presentation. These will have a bearing on your individual group grade. See Peer Review from at end of course outline.

Group Presentation Topic Selection

To ensure no repetition of MNE's, the course instructor will approve all group MNE's selected. Accordingly, please constitute your group which must comprise 4 members. Select the MNE and deliver your selection to the instructor **at the beginning of class** on November 12/2018, or earlier by email. Each group should identify three alternative MNE's in order of preference. The purpose of this is to provide alternatives in case two or more groups choose the same MNE. See form below.

FINA 5514D International Finance MNE Selection Form

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



PLEASE PRINT CLEARLY

		Name	Carleton Email address	Student Number
1.				
2.				
3.				
4.				

Presentations	Name or Description	Comments [optional]
MNE	1. 2. 3.	

FINAL EXAMINATION

The Final Examination will cover the entire course topics, including case discussions and presentations. Students who miss the Final Examination must apply for possible deferred examination privileges

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, answering instructor's questions, and case reviews.

Following are some specific behavioral examples of good participation in discussion on which you will be assessed in this course. You will have been judged to have participated well in discussion in any given week if you:

- Ask a question or make a comment that shows you are interested in what another person says.
- Ask a question or make a comment that encourages another person to elaborate on something they have already said.
- Bring a resource [a reading, web link, video] that is not covered in the syllabus but adds new information or perspectives to our learning.
- Post a comment on our CuLearn page that summarizes our conversations so far and/or suggests new directions and questions to be explored in the future.
- Make a comment [in class or on our CuLearn page] indicating that you found another person's ideas interesting or useful. Be specific as to why this was the case.
- Contribute something that builds on, or springs from, what someone else has said. Be explicit about the way you are building on the person's thoughts.
- Ask a cause and effect question- for example, "Can you explain why you think it's true that if these things are in place such and such a thing will occur?"

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.

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. 5, 2018	Global Financial Environment Multinational Financial Management – Opportunities and Challenges The International Monetary System The Balance of Payments Financial Goals and Corporate Governance Case Review	1 - 4	To be assigned one week before the class Culearn
2	Nov. 12, 20178	Foreign Exchange Theory and Markets The Foreign Exchange Market International Parity Conditions Foreign Currency Derivatives - Futures and Options Interest Rate Risk and Swaps Case Review	5 - 8	To be assigned one week before the class Culearn
3	Nov. 19, 2018	Quiz #1 Foreign Exchange Rate Determination Financing the Global Firm The Global Cost and Availability of Capital Case Review	9 and 13 [chap 10-12 not assigned]	To be assigned one week before the class Culearn
4	Nov. 26, 2018	Raising Equity and Debt Globally Multinational Tax Management International Trade Finance Case Review	14 - 16	To be assigned one week before the class Culearn
5	Dec. 3, 2017	Quiz #2 Foreign Investments and Investment Analysis Foreign Direct Investment and Political Risk Multinational Capital Budgeting and Cross-Border Acquisition Case Review	17 - 18	To be assigned one week before the class Culearn
6	Dec. 10, 2017	MNE Presentations	N/A	N/A
7	Dec 17, 2017	Final Examination	N/A	N/A

Peer Evaluation Form
BUSI 5514D- International Finance
Fall 2018

Note on Confidentiality

The information on this form is protected and will remain confidential after it is submitted. The form will be destroyed after the official marks are finalized and announced by the University authorities.

My Name: _____

My Student Id: _____

My Group Name or #: _____

Names of my Group mates	My evaluation of my group mates (out of 100%)
1.	
2.	
3.	
4.	

Comments, Justifications, Concerns (if any):

Date, sign and return to professor

Date: _____

Signature: _____

REQUIRED CALCULATOR IN FINA5514D 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

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.

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: 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: 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: 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/>.

IMPORTANT DATES AND DEADLINES

<http://calendar.carleton.ca/grad/courses/>