SYLLABUS

I. GENERAL INFORMATION

<table>
<thead>
<tr>
<th>Title</th>
<th>International Finance</th>
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<tbody>
<tr>
<td>Code</td>
<td>INBU 8170</td>
</tr>
<tr>
<td>Credit</td>
<td>3</td>
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<tr>
<td>Academic term</td>
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<tr>
<td>Professor</td>
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<tr>
<td>Office hour</td>
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<td>Phone number</td>
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<td>Mail address</td>
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II. COURSE DESCRIPTION

Analysis of the international financial environment. Review of financial risk inherent to international businesses. Description of problems when implementing corporate financial principles in other countries and of the financial aspects of the relationship between main and subsidiary company.

III. OBJECTIVES

1. Discuss the open-macroeconomics issues related to international business and Finances.
3. Discuss the recent theoretical and empirical research of open-macroeconomics with applications to international business finances.
4. Discuss how various international monetary systems work
5. Discuss the financial risk inherent to international businesses.
6. Discuss the recent theoretical and empirical research with respect to arbitrage, hedging and speculation.
7. Discuss the recent empirical research with respect to international financing and investment.
8. Discuss the relationship between related companies with respect to financial issues.
9. Discuss the recent empirical research with respect to related companies.
10. Discuss foreign direct investment (FDI) implication to related companies investments.

IV. CONTENT

1. Introduction to open-macroeconomics and international finance.
   1.1 Trade balance.
   1.2 Different monetary systems.
   1.3 International finance environment.

2. Financial risk.
   2.1 Arbitrage.
      a. Currency arbitrage.
      b. Interest arbitrage.
      c. Extensions.
   2.2 Hedging.
      a. Hedging exposure to foreign exchange risk (FER).
      b. Financial and operational hedging of exposure to FER.
      c. Hedge ratio.
   2.3 Speculation.
      a. Spot and derivative markets.
      b. Buy and sell signals.

3. International financing and investment.
   a. Short term financing and investment.
   b. Long-term capital structure and cost of capital.
   c. Portfolio investment.

4. Foreign direct investment (FDI).

V. ACTIVITIES

1. Students should read the material before the discussion in class.

2. Students are required to search for some topics, literature, and financial practices in the internet to select their research questions that are part of the evaluation.

3. Presentations of the selected topics in class individually or in small groups.
VI. EVALUATION

<table>
<thead>
<tr>
<th>Evaluation</th>
<th>Description</th>
<th>Points</th>
<th>Percentage of total evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required research topic*</td>
<td>Literature review of a topic selected by the professor.</td>
<td>100</td>
<td>40%</td>
</tr>
<tr>
<td>A free-choice topic*</td>
<td>Selected by the student and subject to the professor approval.</td>
<td>100</td>
<td>40%</td>
</tr>
<tr>
<td>Presentation</td>
<td>Presentation (in groups) of the class topics</td>
<td>25</td>
<td>10%</td>
</tr>
<tr>
<td>Participation</td>
<td>Class participation and feedback to groups presentation</td>
<td>25</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>250</td>
<td>100%</td>
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*The research topics should be analyzed in a critical manner with appropriate references. Also, should satisfy the course objectives. The minimum acceptable work is 3,000 words and the maximum not to exceed 5,000 words. APA style is required.

Any inconvenience or any condition that will not enable a student to take one of the required evaluations should be discussed with the instructor before the date of the evaluation.

VII. SPECIAL NOTES

Auxiliary Services or Special Needs Services

Students that require special auxiliary services or special assistance must visit the office of Mr. José Rodriguez, at the University Orientation Program located at the first floor of Harris Building, at the beginning of the course or as soon as the knowledge for the need of such services is acquired.

Honesty, Fraud, and plagiarism Student General Regulation, Chapter 5

The lack of honesty, fraud, plagiarism and any other inappropriate behavior in relation to the academic work constitute major infringement sanctioned under the Student General Regulation. Major infractions, as provided by the regulation under student infringements can have as a result the suspension of the University for a defined period of time greater than a year or permanent expulsion from the University, among other sanctions.

Use of Electronic Devices

Cellular (mobile) telephones and any other electronic device that could interrupt the teaching-learning process or disrupt a milieu favorable for academic excellence will be deactivated. Critical situations will be dealt with in an appropriate manner. The use of electronic devices that permit the accessing, storing or sending of data during tests or examinations is prohibited.
IMBU 8170

V111. EDUCATIONAL RESOURCES

Recommended references:


Maurice Obstfeld (2012), *Does the Current Account Still Matter?*  
http://elsa.berkeley.edu/~obstfeld/Ely%20lecture.pdf

Maurice Obstfeld (Feb, 2012), *Understanding past and future financial crises*,  
http://www.voxeu.org/index.php?q=node/7587#1

http://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/02LBL100112.pdf

Maurice Obstfeld (Nov, 2011) *The International Monetary System: Living with Asymmetry*,  
http://elsa.berkeley.edu/~obstfeld/The%20International%20Monetary%20System.pdf

IX. BIBLIOGRAFY


*Puerto Rico Planning Board, Balance of Payments; Recent Issues.

Olivier Blanchard and Francesco Giavazzi, 2005. “The U.S. Current Account, the Dollar, the Euro and the Yen, NBER (I’ll email you the paper)


Duarte, Margarida, and Maurice Obstfeld, “Monetary Policy in the Open Economy, Revisited: The Case for Exchange-Rate Flexibility Restored,” manuscript, October, 2004.


