I GENERAL INFORMATION

Title : International Finance  
Code : BADM 6200  
Credits : 3  
Academic Term :  
Professor : DR. FELIX CUE  
Office’s Hours :  
Phone Office :  
E-mail :  

II DESCRIPTION

Study of the structure and functioning of foreign currency markets and of the factors that determine the exchange rates of currencies. Analysis of investment decision-making and the financing of companies and institutions from a global perspective.

III OBJECTIVES

It is expected that at the course’s ending the student can:

1. Delineate and analyze the factors and variables that define the conceptual frame of a firm’s decision-making process.
2. Discriminate and contrast the factors that determine the money valuation, the factors’ interrelationship of the functioning of the principles types of money markets and the balanced and unbalanced approaches in the currencies’ value determination.
3. Explain the basis for the investment decision process and the financing decisional process of a multinational corporation (MNC).
4. Explain and balance the foundations of the investment’s decision-making and the financing of the multinational corporation’s decision-making.

III CONTENTS:

A Introduction:  
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1. Characteristics and particular subjects in the International Finances
   a. Decisional variables in the international finance.
   b. Profile and characteristics of a multinational corporation (MNC).
   c. Conceptual frame of the international finance.
      Chapter 1

B International Monetary System and Foreign Exchange markets

1. Foreign exchange rates determination.
   d. Determination of balance in the foreign exchange markets
   e. Economic and nominal factors that influence the balance of balance of foreign exchange and its determination.
      1) Central banks intervention.
      2) Foreign exchange systems.
      3) Balance of Payments.
      Chapters 5, 3, 2 and 7

2. Money Exchange Markets
   a. Options and Future Markets.
   b. Parity conditions.
   c. Fixed and Variables foreign exchange rates determination.
      Chapters 4, 7 and 8

3. Foreign Exchange Risk Determination
   a. Transaction and Economic Exposures to the exchange risk.
   b. Measuring and managing of the risk exposure.
      Chapters 10 and 11

C. Financing of the Multinational Corporation (MNC).

1. Working Capital Management
   a. Short-term financing.
   b. Investment and Management in Current Assets.
      Chapters 10, 14 and 19.

D. Foreign Investment Working.

1. International Financial Markets.
   a. Sources and Uses of Corporate Funds.
   c. Developments Banks.

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Chapter 15

2. Cost of Capital for Foreign Investments
   b. Discount Rates for Foreign Investments.
   c. Worldwide Capital Structure.

Chapter 14

V EVALUATION:

The student will take three exams and will prepare a term paper about a foreign exchange rate vis-à-vis the U.S. dollar for two years and their impact on that country balance of payments.

A. First Partial Exam Chapters 1, 5, 3, 2 and 7........25%
B. Second Partial Exam “ 4, 7 and 8.............25%
C. Final Exam “ 10 and 11.................25%
D. Term Paper...............................................25%

VI SPECIAL NOTES

1) Supporting Services or Special Needs
   Students requiring additional services or special assistance must request these at the beginning of the course or as soon they learn that they need them, through the appropriate register in the Oficina del Consejero Profesional, located at the Programa de Orientación Universitaria.

2) Honesty, Fraud, and Plagiarism (General Student Regulation, Chapter V)
   The lack of honesty, fraud, plagiarism and any other inadequate behavior in relation to academic work constitute major infractions sanctioned by General Student Regulations. Major infractions, according to General Regulation Students, may result in suspension from the University for a definite period of time greater than one year or the permanent expulsion from the University, among other sanctions.

3) Use of Electronic Devices
   Cellular (mobile) telephones and any other electronic device that 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.

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VII EDUCATIONAL RESOURCES


Supplementary Readings:

Audiovisual resources: provided by the professor.

Electronic Resources:
Web addresses at the end of every chapter.

VIII BIBLIOGRAPHY


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Gailliot, Henry J., “Purchasing Power Parity as an Explanation of Long-Term Changes in Exchanges Rates”, Journal of Money, Credit, and Banking, August 1971, pp. 348-357.


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