

DOMINICAN UNIVERSITY
Brennan School of Business
BAD 375 – International Finance
Spring 2017 (DRAFT)

Instructor	Wenlian Gao, Ph.D.
Phone	(708) 488-5051
Office	Fine Arts 209
Email	wgao@dom.edu
Canvas	http://canvas.dom.edu
Office Hours	MW 12:30-1:20pm, W 5:30-6:20pm, & by appointment
Prerequisites	Econ 190, Econ 191 and Bad 350 required.

Textbooks & Supplements:

1. Required Text: International Financial Management, Madura, 13th Edition, ISBN: 9781337099738.
2. It is expected that all students will bring a calculator to the class.

Course Description

This course extends the principles of finance to the international context. Main objectives are: 1) to broaden our view on global businesses; 2) to understand foreign currencies; and 3) to study the implications of the existence of multiple currencies and the operations across borders of sovereign nation-states for multinational corporations. Main topics are exchange rate and parity conditions, foreign currency exposure and exposure hedging.

Class Procedures

- The structure of this class makes your individual study and preparation outside class extremely important. The lecture material will focus on the major points introduced in the text. Reading the assigned chapters and having some familiarity with them before class will greatly assist your understanding of the lecture. After the lecture, you should study your notes and the review questions for each chapter.
- All handouts and class material for BAD 375 will be available on **Canvas** as well as distributed in class throughout the course. You can download all the materials from there. It will include the course outline, class handouts, lecture notes, problem solutions, exam reviews, office hours, and exam schedule. As the semester continues, the resources available in **Canvas** will expand.
- Students should keep current with developments in international and domestic finance, the international political environment and the operations of multinational enterprises. Good sources of information are the daily editions of the Wall Street Journal, The Financial Times – www.ft.com – and the New York

Times – www.nytimes.com -. A comprehensive weekly source is The Economist – www.economist.com

Course Requirements

There will be one midterm exam and one final exam. The exam schedule is as follows:

Midterm Exam	25%
Final Exam	25%
Online quizzes	15%
Homework	15%
Projects	15%
<u>Attendance & Participation</u>	5%
Total	100%

Exams: Exams will consist of multiple choice, short answers, and problems. Each exam includes two parts, in-class (15%) and take-home (10%).

For the in-class part, you may bring a single-sided, one-page (8.5x11 inch) sheet with formulas. The sheet must be your own work (typed or hand written). Cell phones must be turned off and put away during examinations and may not be used as a calculator. Absolutely no text messaging or wireless email is allowed during examinations. Those leaving the examination room for any reason may not use cell phones and other wireless devices or discuss the exam with anyone while the exam is still under way. For the take-home part, students may not consult with each other or solicit help from anyone.

No substitute exams will be administered without prior notification and instructor consent. You must have a valid excuse to miss any of the exams and to take a makeup exam. If you do not have a valid excuse for missing an exam, it will count as a zero. In order to be excused from an exam, the student must contact me before the exam. In most cases, I will require students to provide me with additional documentation to justify why the student is unable to take the exam. Please note that a simple note indicating that you were seen at the health center the day of the exam does not, in and of itself, provide sufficient documentation. Excuses will be granted if the student is unable to take the exam because of serious illness or injury, or a significant personal or professional commitment.

Attendance & Participation: I'll check attendance ten times randomly during the whole semester. If you miss more than 2 classes without any valid reason, you will earn no attendance point. There is no partial credit. Leaving class early or arriving late will be taken as absence for that class. In addition, you should bring a calculator to each class so that you can participate in working through in-class numerical problems. Positive contributions to the learning experience of the class will be greatly appreciated and be rewarded in your participation score.

Online Quizzes: Online quizzes mainly include conceptual questions. You need to read the referenced chapters/assigned articles or watch videos to answer the questions. You are allowed to have two attempts for each question on the quiz.

Homework Assignments: Homework will be assigned throughout the semester. If you work with others on homework, your completion of the assignments must be yours alone. That is, each homework assignment must be, and must appear to be, the work of a single individual. All homework assignments and projects are due at the beginning of the designated class. Late homework will be accepted but you will automatically receive a 50% reduction in your grade if it is late. Homework assignments and projects should be submitted in a clear and legible manner (typed where appropriate).

Projects: The project is a way of practicing your business thinking skills, your oral presentation skills and your writing skills. There will be three projects. These are team work. Each team consists of 2 students. You are allowed to select your own group members.

There will be three projects. The first two projects are case problems. Each team should submit one copy of your project. All papers should be typed (single spaced paragraphs and double-spaced between paragraphs, 12 pt Times Roman font, 1 inch margins).

The third project is an international investing project. You are required to form a portfolio and monitor it throughout the semester. At the end of the semester, each team is required to submit a 4-5 page report and do a short 10 minute presentation to report your portfolio performance. **Presentation slides will have to be mailed to me a day earlier so that it can be made available to all students via DuCanvas.**

Project#1: International Financial Markets
Project#2: The Revaluation of the Chinese Yuan
Project#3: International Investing Project

Grading: Final Letter Grades will be determined by the following grading-scale table. The instructor reserves the right to adjust the scale depending on overall class performance.

Final Course Letter Grade	Final Course Grade
A	$\geq 94\%$
A-	$\geq 90\%$ but $< 94\%$
B+	$\geq 87\%$ but $< 90\%$
B	$\geq 84\%$ but $< 87\%$
B-	$\geq 80\%$ but $< 84\%$
C+	$\geq 75\%$ but $< 80\%$
C	$\geq 72\%$ but $< 75\%$

C-	$\geq 68\%$ but $< 72\%$
D	$\geq 60\%$ but $< 68\%$
F	$< 60\%$

Academic Integrity

We, the scholars of Dominican University, recognize the importance of personal integrity in all aspects of life and work. We commit ourselves to truthfulness, honor, and responsibility by which we earn the respect of others. We support the development of good character in our academic community, and commit to uphold the highest standards of academic integrity as an important aspect of personal integrity. All University policies are in effect as described in the Academic Dishonesty/Misconduct section of the current catalog. All your work must be your own unless collaboration has been authorized. If collaboration is authorized, you must acknowledge the collaboration in writing. Your grade will be based in large part on the originality of your ideas and your written presentation of these ideas.

Plagiarism is intellectual theft. It means use of the intellectual creations of another without proper attribution. Plagiarism may take two main forms, which are clearly related:

1. To steal or pass off as one's own the ideas or words, images or other creative works of another, and
2. To use a creative production without crediting the source, even if only minimal information is available to identify it for citation.

Credit must be given for every direct quotation, for paraphrasing or summarizing a work (in whole, in part, in one's own words) and for information that is not common knowledge.

Warning: Any student caught cheating on an exam or plagiarizing material for the project will receive 0 point for that assignment and a letter will be placed in your file at the Dean's Office immediately. The claim of ignorance is no excuse. Those found plagiarizing may fail the course.

Suggestions for Success in a Finance Course

To increase the likelihood of success, each student should realize that this course can be very rigorous and requires assignments. Although the responsibility for learning rests upon the student, I am always available and happy to provide assistance. Below are some of my suggestions to help the students get successful.

1. Attend class regularly: If you have to miss a class, download the lecture notes from Canvas and borrow notes from your classmates.
2. Study regularly: The structure of this class makes your individual study and preparation outside class extremely important. The lecture material will focus on the major points introduced in the text. Reading the assigned chapters and having some familiarity with them before class will greatly assist your understanding of the lecture. After the lecture, you should study your notes and the review questions for each chapter.

3. Personal Scheduling: 6 – 10 hours per week on this course.
4. Communication: Check email and Du Canvas on a regular basis. All handouts and class material for BAD350 are located on **Canvas**. You can download all the materials from there. It will include the course outline, class handouts, lecture notes, problem solutions, exam reviews, office hours, and exam schedule. As the semester continues, the resources available in **Canvas** will expand.
5. Students should keep current with developments in international and domestic finance, the international political environment and the operations of multinational enterprises. Good sources of information are the daily editions of the Wall Street Journal, The Financial Times – www.ft.com – and the New York Times – www.nytimes.com -. A comprehensive weekly source is The Economist – www.economist.com

Classroom Conduct

1. Please turn off cell phones.
2. Please do not hold private conversations during class because it disturbs both the instructor and the other students in the class.
3. If you are late for class, please enter from a back door if possible or quietly from the front.

Other Guidelines

1. Any student who feels he or she may need an accommodation based on the impact of a disability should contact me privately to discuss his or her specific needs.
2. If you are having trouble in class, please come and see me.

Tentative Time Schedule

<u>Week #</u>	<u>Date</u>	<u>Topic</u>
1	W 1/11 F 1/13	Syllabus Review & Course overview
2	M 1/16 W 1/18 F 1/20	International Flow of Funds Assigned reading & online quiz
3	M 1/23 W 1/25 F 1/27	International Financial Markets Assigned article & online quiz
4	M 1/30 W 2/1 F 2/3	Exchange Rate Determination Project 1 release time

5	M 2/6 W 2/8 F 2/10	Exchange Rate Determination Video watching & online quiz
6	M 2/13 W 2/15 F 2/17	Government Influence on Exchange Rates Exam Review Exam study day
7	<u>M 2/20</u> <u>W 2/22-F 2/24</u>	<u>In-class Midterm Exam</u> <u>Take-home Midterm Exam</u>
8	M 2/27 -3/3 W 3/1 F 3/3	International Parity Conditions Assigned reading & online quiz
Spring Break		
9	M 3/13 W 3/15 F 3/17	International Parity Conditions Project 2 release time
10	M 3/20 W 3/22 F 3/24	Forecasting Exchange Rates Assigned reading & online quiz
11	M 3/27 W 3/29 F 3/31	Managing Expo to Exch Rate Fluctuations Assigned article & online quiz
12	M 4/3 W 4/5 F 4/7	Managing Transaction Exposure Video watching & online quiz
13	M 4/10 W 4/12 F 4/14	Managing Economic Exposure Video watching & online quiz
14	M 4/17 W 4/19 F 4/21	Presentation Direct Foreign Investment Assigned reading & online quiz
15	M 4/24 W 4/26 F 4/28	Presentations Exam review Exam study day

Exam Week	M 5/1	In-class Final Exam
	W 5/3 -F 5/5	Take-home Final Exam

NOTE: This time schedule is very tentative. Some chapters may be omitted and other chapters included depending on time constraints. Exact material covered on each of the exams will be discussed in class.

Textbook related web sources

At the text's home page

(http://www.cengage.com/cengage/instructor.do?codeid=959E&courseid=FI35&product_isbn=9780324593471&disciplinenumber=414), students can take interactive quizzes on concepts covered in each chapter of the text.

Through the textbook, students may access <http://www.ita.doc.gov/td/industry/otea> for international trade data released recently or other international trade related issues.

Other Useful Websites

Currency Trading Game:

- <http://fxgame.oanda.com/>
- <https://fx2.oanda.com/v1.0/login.html>

IMF Classification of Exchange Rate Arrangements:

<https://www.imf.org/external/np/mfd/er/2005/eng/1205.htm>

Fortune 500 list:

http://money.cnn.com/magazines/fortune/global500/2007/full_list/index.html

FX:

- <http://finance.yahoo.com/currency>
- <http://www.x-rates.com/>
- <http://www.imf.org/>
- <http://www.ozforex.com.au/cgi-bin/forwardRates.asp>
- http://www.cme.com/trading/prd/overview_EC2465.html
- http://futures.tradingcharts.com/currency_futures.html

International trade:

- <http://bea.gov/International/Index.htm>
- <http://fita.org/useful/archives/154.html>