



CIEE Global Institute– Sydney

Course name:	International Finance
Course number:	(GI) BUSI 3001 SYAU
Programs offering course:	Open Campus
Open Campus Track:	Business
Language of instruction:	English
U.S. semester credits:	3
Contact hours:	45
Term:	Spring 2020

Course Description

This course provides students with an overview of the dynamics of the global financial and international monetary systems. Students develop knowledge of the fundamental concepts needed to understand foreign direct investment, financial flows, international trade and investment deals. As political risk and economic exposure to global events have become more immediate, special attention will be given to the 2007-2012 world banking crisis, the role of central banks in the stabilization of national economies, national debts, and the specific economic challenges to which individual countries have been exposed in varying ways. Alternative views and policy measures to help struggling economies overcome the economic and financial crisis – like contracting (or expanding) government spending – will be assessed and critically analyzed.

Learning Objectives

By the end of the course, students will be able to:

- Critically analyze financial concepts and their application to the very intricate web of international economic and financial transactions.
- Discuss the determinants of international financial transactions and their consequences in the present-world economic and financial order.
- Explain the decisions taken by various agents (governments, multinational corporations, public and private banks) and how these interact in the international financial markets.
- Read and analyze economic and market indicators for a better understanding of the world panorama of economics and finance.
- Apply these indicators and criteria to financial decisions taken within multinational corporations for effective governance.



Course Prerequisites

Previous coursework in microeconomics, macroeconomics and international economics (which should include the basics of international trade) are course prerequisites. This course is not suitable for students with no previous economics classes.

Methods of Instruction

The course will be highly interactive between the instructor and the students. Students are expected to do the required readings before class so they can discuss the material among themselves and with the instructor. Power Point presentations and short video clips will be used by the instructor to introduce the material required. Students are expected to prepare questions based on their reading and interact thoughtfully in class, during business visits, and with guest speakers. The list of online references at the end of the syllabus includes web sites on financial information that should be consulted daily during the course, as finance is a dynamic and changing discipline that needs constant updating. Therefore, students will be responsible for checking selected web sites daily for in-class discussions.

Assessment and Final Grade

Written Assignments:	30%
In-Class Presentation:	15%
Midterm Exam:	15%
Final Exam:	20%
Class Participation:	20%

Course Requirements

Written Assignments

Students are expected to write three summary papers, due on the last day of class in Weeks 2, 4, and 6. Each summary paper must be 750-words in length (font size 12) and should include brief summaries of visits to local companies that are international in scope. For example, students might compare a visit with the local branch manager of a large, internationally active bank to understand the financial management styles of Australia and how they differ with those of another chosen nation. Students should use readings from the course and other peer-referenced sources to support their arguments. Citations should conform to APA style.



In-Class Presentation

Students will organize in teams of 2 to 4 people and choose a topic relating to international finance as a case study. A list of potential topics will be provided by the instructor on the first day of class, though students may select their own topics subject to instructor approval. The presentation should be in PowerPoint format with each group participant presenting an equal part of the presentation (although all members should be familiar with the whole presentation). The presentation must illustrate key concepts with real-life financial examples. The presentation should not last more than 15 minutes and will be followed by a 5 minute Q&A session.

Midterm Exam

A mid-term exam will be administered at the end of Week 3 in the format of two essay response questions. Students will be examined on materials from the course including information from lectures, case studies, guest speakers, business visits, readings, video clips, etc. The test will be open book, so students are asked to bring all of their relevant notes and materials on the day of the test. Students will complete this exam through Canvas and must have their laptops fully functional for the exam.

Final Exam

A final exam will be conducted at the end of week 6 in the format of 10 short response questions, 5 long responses and one extended essay response. Students will be examined on materials from the course including information from lectures, case studies, guest speakers, business visits, readings, video clips, etc. The test will be open book, so students are asked to bring all of their relevant notes and materials on the day of the test. Students will complete this exam through Canvas and must have their laptops fully functional for the exam.

Participation

Participation is valued as meaningful contribution in the digital and tangible classroom, utilizing the resources and materials presented to students as part of the course. Meaningful contribution requires students to be prepared in advance of each class session and to have regular attendance. Students must clearly demonstrate they have engaged with the materials as directed, for example, through classroom discussions, online discussion boards, peer-to-peer feedback (after presentations), interaction with guest speakers, and attentiveness on co-curricular and outside-of-classroom activities. Additionally, as part of the participation grade, students will be required to write and ask 3 – 5 questions per guest speakers and business visit. These questions must be submitted via Canvas prior to class.

Attendance Policy

Regular class attendance is required throughout the program, and all unexcused absences will result in a lower participation grade for any affected CIEE course. Due to the intensive



schedules for Open Campus and Short Term programs, unexcused absences that constitute more than 10% of the total course will result in a written warning.

Students who transfer from one CIEE class to another during the add/drop period will not be considered absent from the first session(s) of their new class, provided they were marked present for the first session(s) of their original class. Otherwise, the absence(s) from the original class carry over to the new class and count against the grade in that class.

For CIEE classes, excessively tardy (over 15 minutes late) students must be marked absent. Attendance policies also apply to any required co-curricular class excursion or event, as well as to Internship, Service Learning, or required field placement. Students who miss class for personal travel, including unforeseen delays that arise as a result of personal travel, will be marked as absent and unexcused. No make-up or re-sit opportunity will be provided.

Attendance policies also apply to any required class excursion, with the exception that some class excursions cannot accommodate any tardiness, and students risk being marked as absent if they fail to be present at the appointed time. Unexcused absences will lead to the following penalties:

<i>Percentage of Total Course Hours Missed</i>	<i>Equivalent Number of Open Campus Semester classes</i>	<i>Minimum Penalty</i>
Up to 10%	1 content classes, or up to 2 language classes	Participation graded as per class requirements
10 – 20%	2 content classes, or 3-4 language classes	Participation graded as per class requirements; written warning
More than 20%	3 content classes, or 5 language classes	Automatic course failure , and possible expulsion

Weekly Schedule

NOTE: This schedule is subject to change at the discretion of the instructor to take advantage of current experiential learning opportunities.

Week 1 **Class 1:1**

Orientation Week **Introduction to the course**

The opening lecture will discuss the economic history of Australia in the last 25 years and how its relationship with International Financial Institutions has changed. Students will review international finance terminology.

Class 1:2

An Introduction to International Finance

This lecture will discuss the 2008 financial crisis as well as the connection between the Australia markets and other international markets that affect it. Students will discuss the impact of the Australian government's economic and

political policy in the wake of the 2008 Global Financial Crisis. A lecture will be given by a guest speaker, a manager from a large bank or consulting firm, on the subject of Foreign Direct Investment in Australia.

Reading:

Madura, J. (2018). 'Multinational Financial Management: An Overview'. *International Financial Management*. 13th Ed. Canada: Cengage.

Online Readings/Resources:

Bissoondoyal-Bheenick, E., Brooks, R., Chi, W., & Do, H. X. (2018). Volatility spillover between the US, Chinese and Australian stock markets. *Australian Journal of Management*, 43(2), 263-285.
doi:10.1177/0312896217717305

Video clips:

Understanding Finance (2014, March 11). *Introduction to International Finance*, James Tompkins [YouTube Video]. Retrieved from:
<https://www.youtube.com/watch?v=sZD0E8dNBjw>

ProfSteveKeen (2017, July 24). *Can Australia avoid another financial crisis?* [YouTube video]. Retrieved from:
https://www.youtube.com/watch?v=vCFubyGd_R0

Discussion questions for speaker must be submitted to Canvas prior to lecture.

Week 2

Class 2:1

Foreign Exchange Markets

During this class students will learn the fundamentals of foreign exchange markets: from the record of the economic transactions between the residents of the country and the rest of the world in a particular period (the balance of payments), to the most critical notions about financial assets and currencies. Students will learn more about the Australian economic, political, and social context and relate it to the stability or instability of the Australian markets. Students will also learn the basic types of FX transactions – spot trades, forward contracts, futures, options, currency swaps, and other types of derivatives.

Reading:

Krugman, P., Obstfeld, M., Melitz, M. (2017). 'Exchange Rates and the Foreign Exchange Market: An Asset Approach'. *International Economics: Theory and Policy*. 11th Ed. Pearson: Addison-Wesley.

Online Readings/Resources:

Su, F., & Zhang, J. (2018). Global price discovery in the Australian dollar market and its determinants. *Pacific-Basin Finance Journal*, 48, 35-55. doi:<https://doi.org/10.1016/j.pacfin.2018.01.002>

Video clips:

UK spread betting (2016, June 27). *Basics of Fundamental Analysis in Forex Trading* [YouTube video]. Retrieved from:

https://www.youtube.com/watch?v=t0ydm2K8m_8

Investopedia. (2013, October 31). *Investopedia video: The Balance Of Payments* [YouTube video]. Retrieved from:

<https://www.youtube.com/watch?v=YIQgeyKV-QM>

Case Study Discussion:

Kamruzzaman, J., & Sarker, R. (2004). *Forecasting of currency exchange rates using ANN: A case study* (Vol. 1).

https://www.researchgate.net/publication/224746570_Forecasting_of_currency_exchange_rates_using_ANN_A_case_study

Class 2:2

Import / Export Section of a local Australian Bank

Students will continue to analyze foreign exchange markets by visiting the import/export office of a local Australian bank. Students will analyze and discuss trade in and out of Australia and how various FX financial transactions facilitate the flow of money as well as goods and services. Particular attention will be paid to FX and its relationship to commodities, such as oil, gas, electricity, agriculture products, and the mining industry.

Discussion questions for speaker must be submitted to Canvas prior to lecture.

Due Date for Submission of Written Assignment I – Summary Paper

Week 3

Class 3:1

International Capital Markets

This lecture will focus on International capital markets. Topics include how equities, bonds, and portfolio investments are traded in the international environment, the emerging markets (China, India, Russia, Australia, South Africa) and their impact on the capital markets. Students will also discuss a case study paper on Australia's financial stability and monetary policy.

Readings:

Madura, J. (2018). 'International Corporate Governance and Control'. *International Financial Management*. 13th Ed. Canada: Cengage.

Krugman, P., Obstfeld, M., Melitz, M. (2017). 'The Political Economy of Trade Policy'. *International Economics: Theory and Policy*. 11th Ed. Pearson: Addison-Wesley.

Case Study Discussion:

Ellis, L. and Littrel, C. (2017). 'Financial Stability in a Low Interest Rate Environment: An Australian Case Study'. *Monetary Policy and Financial Stability in a World of Low Interest Rates*.
<https://www.rba.gov.au/publications/confs/2017/pdf/rba-conference-volume-2017-ellis-littrell.pdf>

Class 3:2

Australian Private Equity Firm with International Ties

Students will visit a private equity firm where they will be presented the main sources and targeted industries for Foreign Direct Investment in Australia and discuss forecast for Australia's economic and political future from an investor's point of view.

Discussion questions for speaker must be submitted to Canvas prior to lecture.

Due Date for Submission of the Midterm Exam

Week 4

Class 4:1

Financial Risk Management

This lecture will focus on financial risk management. Students will discuss hedging strategies against risk exposure, the attempts at forecasting exchange rates and Forex in the context of international trade and managing monetary and financial exchanges. Students will watch a videoclip explaining the operations of the foreign exchange market. Students will discuss a case study paper that proposes a model for assessing the viability of investing in the Australian macadamia industry.

Reading:

Madura, J. (2018). 'Country Risk Analysis'. *International Financial Management*. 13th Ed. Canada: Cengage.

Online Readings/Resources:



Focus Economics. (n.d.). Exchange Rate in Australia. Retrieved at:

<https://www.focus-economics.com/country-indicator/australia/exchange-rate>

Case Study Discussion:

Slaughter, G. J. and Mulo, S. (2012). *Strategies for investment in the Australian macadamia industry: Development and evaluation of an objective investment appraisal software model*. *AFBM Journal*, 9 (2), 57-69.

https://science.csu.edu.au/_data/assets/pdf_file/0006/429702/AFBMJournal-Vol9-No2-2012-05.pdf

Video clip:

Jason Welker. (2011, October 18). *Introduction to Foreign Exchange Markets* [Youtube Video]. Retrieved at:

<https://www.youtube.com/watch?v=UnVIEX1P2IE>

Due Date for the Submission of the In-Class Case Study Presentation

Class 4:2

Large FX Trading Desk / Companies

Students will visit a FX trading company and be given an overview of FX strategies at company being visited and how they are used to manage risk and currencies flows in and out of Australia.

Discussion questions for speaker must be submitted to Canvas prior to lecture.

Due Date for Submission of Written Assignment #2 – Summary Paper

Week 5

Class 5:1

Decision-making Strategies in International Finance

This week students will become acquainted with the strategic decisions regarding short and long-term investments, both in terms of portfolio as well as foreign direct investments. An international overview of the central banks will help students to identify the differences among countries and to understand why those differences exist. Students will read and discuss an article examining the social implications for international investment in Australia.

Reading:

Madura, J. (2018). 'Financing International Trade. *International Financial Management*. 13th Ed. Canada: Cengage.

Case Study Discussion:

Sacilotto, J., & Loosemore, M. (2018). Chinese investment in the Australian construction industry: the social amplification of risk. *Construction Management and Economics*, 36(9), pp 507-520.

doi:10.1080/01446193.2018.1457222

Class 5:2

Branch of Reserve Bank of Australia

Students will visit the Reserve Bank of Australia where they will attend a lecture that will discuss the monetary policies of the Reserve Bank that affect Australia's FX rate, credit rating, capital in and out flows, interest rates, inflation, appropriations for fiscal expenditures, and other key economic indicators and monetary policy drivers.

Discussion questions for speaker must be submitted to Canvas prior to lecture.

Due date for Submission of Written Assignment #3 – Summary Paper

Week 6

Class 6:1

Conclusions and Review: An Ethical Viewpoint

Students will conclude their session with a review of the course and a discussion on the ethics of financial investment, financial regulations since the 2008 crisis, and the current state of Australian financial leadership. Students will hear from a guest speaker, a journalist specializing in banking regulations to discuss Australian fiscal policy post-2008 and the steps being taken to improve international financial relationships with Australia.

Reading:

Krugman, P., Obstfeld, M., Melitz, M. (2017). 'Financial Globalization: Opportunity and Crisis'. *International Economics: Theory and Policy*. 11th Ed. Pearson: Addison-Wesley.

Discussion questions for speaker must be submitted to Canvas prior to lecture.

Class 6:2

Final Exam

Due Date for Submission of the Final Exam

Course Materials

Readings

Krugman, P., Obstfeld, M., Melitz, M. (2017). *International Economics: Theory and Policy*. 11th Ed. Pearson: Addison-Wesley.

Madura, J. (2018). *International Financial Management*. 13th Ed. Canada: Cengage.

Online Readings/Resources

Bissoondoyal-Bheenick, E., Brooks, R., Chi, W., & Do, H. X. (2018). Volatility Spillover between the US, Chinese and Australian Stock Markets. *Australian Journal of Management*, 43(2), 263-285. doi:10.1177/0312896217717305

Focus Economics. (n.d.). Exchange Rate in Australia. Retrieved at: <https://www.focus-economics.com/country-indicator/australia/exchange-rate>

Su, F., & Zhang, J. (2018). Global Price Discovery in the Australian Dollar Market and its Determinants. *Pacific-Basin Finance Journal*, 48, 35-55. doi:https://doi.org/10.1016/j.pacfin.2018.01.002

Case Study Discussions:

Ellis, L. and Littrel, C. (2017). 'Financial Stability in a Low Interest Rate Environment: An Australian Case Study'. *Monetary Policy and Financial Stability in a World of Low Interest Rates*. <https://www.rba.gov.au/publications/confs/2017/pdf/rba-conference-volume-2017-ellis-littrell.pdf>

Kamruzzaman, J., & Sarker, R. (2004). *Forecasting of Currency Exchange Rates using ANN: A Case Study* (Vol. 1).

Sacilotto, J., & Loosemore, M. (2018). Chinese Investment in the Australian Construction Industry: the Social Amplification of Risk. *Construction Management and Economics*, 36(9), 507-520. doi:10.1080/01446193.2018.1457222

Slaughter, G. J. & Mulo, S. (2012). *Strategies for Investment in the Australian Macadamia Industry: Development and Evaluation of an Objective Investment Appraisal Software Model*. *AFBM Journal*, 9(2), 57-69. https://science.csu.edu.au/data/assets/pdf_file/0006/429702/AFBMJournal-Vol9-No2-2012-05.pdf



Videos:

Investopedia. (2013, October 31). *Investopedia video: The Balance Of Payments* [YouTube video].

Retrieved from: <https://www.youtube.com/watch?v=YIQgeyKV-QM>

Jason Welker. (2011, October 18). *Introduction to Foreign Exchange Markets* [Youtube Video].

Retrieved at: <https://www.youtube.com/watch?v=UnVIEX1P2IE>

ProfSteveKeen (2017, July 24). *Can Australia avoid another financial crisis?* [YouTube video].

Retrieved from: https://www.youtube.com/watch?v=vCFubyGd_R0

UKspreadbetting (2016, June 27). *Basics of Fundamental Analysis in Forex Trading* [YouTube video].

Retrieved from: https://www.youtube.com/watch?v=t0ydm2K8m_8

Understanding Finance (2014, March 11). *Introduction to International Finance, James Tompkins*

[YouTube Video]. Retrieved from: <https://www.youtube.com/watch?v=sZDOE8dNBjw>

Financial Reference Sites

http://www.bmfbovespa.com.br/en_us/

<https://www.ft.com/stream/113954de-62a6-3a6e-8f27-15a6237474e5>

<https://www.reuters.com/news/world>

<https://finance.yahoo.com/>

<http://www.marketwatch.com/>

<https://www.cnbc.com/world-markets/>

<https://www.bloomberg.com/>