

FB445 – International Finance & Currency Markets



THE CYPRUS INTERNATIONAL INSTITUTE OF MANAGEMENT COURSE UNIT DESCRIPTION

Course Unit Title	International Finance & Currency Markets	
Course Unit Code	FB445	
Type of Unit	Elective	
Level of Course Unit	Second cycle	
Year of Study	First / second year	
Semester	On demand	
Number of ECTS Credits	6.0 ECTS	
Class Contact Hours	28	
Minimum Learning Effort (In Hours)	112	
Course Unit Objectives	The main objective of this course is to provide you with a thorough understanding of international financial markets as well as the tools needed to grasp exchange rate determination, the impact it could have on your firm, as well as ways to hedge such risk.	
Learning Outcomes	The students completing the course should be able to	
	CILO 1	Recognise the factors that affect exchange rates
	CILO 2	Recognise the five key parity relationships in international finance and how they can be used to forecast exchange rates
	CILO 3	Explain the international monetary system and the balance of payments
	CILO 4	Define and measure country risk
	CILO 5	Describe the operation and mechanics of the foreign exchange market
	CILO 6	Describe how currency options, futures, forwards, and swaps can be used for hedging in currency markets
	CILO 7	Describe the measurement and management of translation, transaction, and economic exposure
Name of Lecturer(s)	Dr. George Theocharides	
Mode of delivery	Face to Face	
Prerequisites or co-requisites	Corporate Finance	
Course Content	<ol style="list-style-type: none"> 1. Course Description and Introduction (CILO, 1, 2) 2. Determination of Exchange Rates (CILO, 1, 2) 3. Parity Conditions in International Finance and Currency Forecasting (CILO, 2,) 4. The International Monetary System & the Balance of Payments (CILO, 3) 	

	<p>5. Country Risk (CILO, 4)</p> <p>6. Foreign Exchange Markets (CILO, 5)</p> <p>7. Currency Futures and Options Markets (CILO, 6)</p> <p>8. Swaps and Interest Rate Derivatives (CILO, 6)</p> <p>9. Measuring and Managing Translation, Transaction, and Economic Exposure (CILO, 7)</p>
<p>Recommended or required reading</p>	<p>Lecture notes will be posted on Moodle.</p> <p>A recommended (optional) textbook for the course is “<i>Multinational Financial Management</i>”, by Alan C. Shapiro, 10th edition, John Wiley & Sons, Inc., 2013.</p> <p>OR</p> <p>“<i>International Financial Management</i>”, by Alan C. Shapiro & Peter Moles, John Wiley & Sons, Inc., 2014.</p> <p>These are excellent books in the International Finance area and are used for masters-level courses. They contain a nice and detailed discussion of all the topics that we will be covering in class, with numerous examples, illustrations, mini-cases, and end-of-chapter problems and questions. These books also contain related websites that include extra problems, questions, and mini-case studies for the interested students. I should note however that they should be used as background material, and it does not imply that we will follow them very closely.</p> <p>You will also receive a course package that will include the suggested readings which I encourage you to read for a better understanding of the relevant topics.</p> <p>I also encourage you to read daily the <i>Wall Street Journal</i> or <i>Financial Times</i> or some other financial newspaper. You should make this a habit. It will definitely help your understanding of a lot of the issues that we will be discussing in class.</p>
<p>Planned learning activities and teaching methods</p>	<p>Lectures, in-class assignments, in-class debates and discussion, guest speakers</p>
<p>Assessment methods and criteria</p>	<ul style="list-style-type: none"> • You will form groups of four/five at the beginning of the course, and you will be expected to work on any assignments within your team. • Each group is expected to provide a 15 minute presentation on a case assigned on the last lecture. We will then spend some time in class discussing your presentations, and any other issues related to the case. You will be evaluated based on both the quality of your analysis (identify the important issues,

	<p>perform a careful and detailed analysis, develop recommendations if applicable) as well as the quality of your presentation.</p> <ul style="list-style-type: none"> • There will be an in-class final exam (after the end of the course). The exam will be a mixture of multiple-choice and short-answer questions. I will provide you with a sample exam at the end of the course, and other related materials that will help you prepare for it. You can also use your calculator. • I will allocate a small percentage of your total score for class participation and professionalism (implies that I expect ALL of you to attend class, be there on time, and be prepared). <p>To summarize, the importance of different activities for your grade is as follows:</p> <table border="0" data-bbox="602 783 1365 961"> <thead> <tr> <th style="text-align: left;">Deliverables</th> <th style="text-align: right;">Percent of Total</th> </tr> </thead> <tbody> <tr> <td>Grade</td> <td></td> </tr> <tr> <td>Final Exam</td> <td style="text-align: right;">60%</td> </tr> <tr> <td>1 Case Presentation</td> <td style="text-align: right;">30%</td> </tr> <tr> <td>Class Participation & Professionalism</td> <td style="text-align: right;">10%</td> </tr> </tbody> </table>	Deliverables	Percent of Total	Grade		Final Exam	60%	1 Case Presentation	30%	Class Participation & Professionalism	10%
Deliverables	Percent of Total										
Grade											
Final Exam	60%										
1 Case Presentation	30%										
Class Participation & Professionalism	10%										
Language of Instruction	English										
Work Placement(s)	Not applicable										