

FINA 342, International Finance

Hong Kong University of Science and Technology
Spring 2008, Tue&Thu 15:00-16:20, Room 2406

Instructor: Dr. Du Du

Office: room 2427

Email: dudu@ust.hk

Office hours: Tue&Thu 13:30-14:30

On-line Supplement: <http://lmes2.ust.hk/portal>

Teaching Assistant: Mr. Zuo Luo

Office: room 4381 (via lifts 17-18)

Email: fnzuo@ust.hk

Office hours: Mon&Wed 12:00-13:00

Textbook:

- International Financial Management, by Cheol S. Eun and Bruce G. Resnick, 2005, fourth edition, McGraw Hill

Grading

- The course grade will be based on class participation, homework assignments, midterm and final exams. The relative weights are as follows

Homework:	20%
Class Participation	10%
Midterm exam	25%
Final exam	45%

Homework

- Three problem sets will be assigned during the semester. These exercises are meant to ensure that you understand the materials taught in class, and will be very helpful for the exams
- The problem sets are done in groups. Groups of 2 or 3 people must be formed for the homework assignment and should stay together until the end of the semester. Each group needs to submit only one write-up of each problem set, and all group members will receive the same grade for their work
- Please inform Luo Zuo (teaching assistant) of your group members by Feb. 14.
- Each problem set should contain a cover page showing the group number, names and student ID numbers of all group members who contribute to the assignment. Only those students whose names appear on the cover page will receive credit for the problem set
- Late assignments will not be accepted.

Class Participation

- Everyone is expected to participate actively in class discussions

- Please turn in the name card with your recent photo to Luo Zuo (the teaching assistant) as soon as you can. If you return the card with the photo by Feb. 13, you will get two of the ten scores based on class participation
- If you ask or voluntarily answer one question in class, you will get another three of the ten scores based on class participation.

Exams

- The midterm exam is scheduled on March 18 (Time: 18:00-20:00, Venue: TBA). The exam will cover all the topics that are discussed in class
- The final exam is cumulative and will cover the entire course
- Unless I indicate otherwise, everything discussed in class may appear in the exams
- The exams will consist of quantitative problems, short essays, and true/false questions
- You are allowed to bring in a silent battery operated calculator to the exams.
- I will not reschedule the exams. If you have time conflicts, especially with the midterm, you will be responsible for making appropriate arrangements
- I do not give makeup exams, as it is unlikely to make an equivalent exam without placing the student at either an advantageous or disadvantageous position
- Absence from the exams will not be excused, except for serious medical reasons with doctor's letter provided within one week of the exam

Classroom conduct

- Both you and I are supposed to arrive at class on time.
- You will not talk in class except as part of class discussion
- All mobile phones and pagers must be turned off while in class. If you happen to forget to turn off your phone before the class, you must do so as soon as possible without answering the call

Outside-classroom help

- You are encouraged to make full use of the online supplement posted on LMES at <http://lmse2.ust.hk/portal>
- It is a better idea to first check the discussion section on LMES before asking a question, because it is possibly that your question is already answered there.
- I will hold office hours every week on Tue&Thu. from 13:30-14:30 pm. The teaching assistant, Zuo Luo, will hold office hours every week on Mon&Wed from 12:00-13:00.
- You can also send me questions via emails. If the emails are sent between Tue and Thu, they will be answered within 24 hours. If I think your question is typical, I will post the question and the answer in the discussion section of LMES.

- If you need to talk with me outside of office hours, please email me to schedule an appointment.

Course Schedule (to be changed)

Part I: Global finance environment

Jan. 31	Class 1	Introduction to Global Finance (ER, Ch.1)
Feb. 5	Class 2	Balance of Payments (ER, Ch.3)
Feb. 12	Class 3	Balance of Payments, Cont'd
Feb. 14	Class 4	International Monetary System (ER, Ch. 2)
Feb. 19	Class 5	International Monetary System, Cont'd

Part II: Foreign Exchange Markets

Feb. 21	Class 6	Market for Foreign Exchange (ER, Ch. 5)
		Problem Set 1 due on Feb. 21 in class
Feb. 26	Class 7	Market for Foreign Exchange
Feb. 28	Class 8	International Parity Relation I: IRP (ER, Ch. 6)
Mar. 4	Class 9	International Parity Relation I: IRP, Cont'd
Mar. 6	Class 10	International Parity Relation II: PPP
Mar. 11	Class 11	International Parity Relation II: PPP, Cont'd
Mar. 13	Class 12	Midterm review
Mar. 18	Class 13	Midterm (Time: 18:00-20:00, Venue: TBA)
		Problem Set 2 due on Mar. 18 right before the start of the exam
Mar. 27	Class 14	International parity relation III: exchange rate forecasting
Apr. 1	Class 15	Special Session on Reuters (Time: 15:00-16:20, Venue: TBA)
Apr. 3	Class 16	Currency Futures (ER, Ch. 7)
Apr. 8	Class 17	Currency Futures, Cont'd
Apr. 10	Class 18	Currency Options
Apr. 15	Class 19	Currency Swaps (ER, Ch 14)
Apr. 17	Class 20	Transaction Exposure Management (ER, Ch. 8)
Apr. 22	Class 21	Transaction Exposure Management, Cont'd
Apr. 24	Class 22	Economic Exposure Management (ER, Ch. 9)
Apr. 29	Class 23	Economic Exposure Management, Cont'd

Part III: International Investment

May 6	Class 24	International capital markets (ER, Ch. 13)
		Problem Set 3 due on May 6 in class
May 8	Class 25	International Portfolio Management (ER, 15)
May 13	Class 26	International Portfolio Management, Cont'd
May 15	Class 27	Final Review (problem set 3 due)