

# Hong Kong University of Science & Technology

## International Finance (FINA342)

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Consultation hours: by appointment

Lecture: Wednesdays & Fridays 15:00 – 16:30pm, Room 4333

### **COURSE DESCRIPTION**

The course introduces the fundamental concepts in the study of global finance. Topics such as balance of payments, parity conditions and theory of exchange rate determination, risk exposure of multinational companies will be covered. The conceptual framework used in international financial management such as multinational capital budgeting, international portfolio diversification will also be discussed.

### **PREREQUISITES**

The prerequisite for this course is the FINA 221 or equivalent.

### **REQUIRED READING MATERIALS**

#### **1. Textbook**

M Moffett, A Stonehill & D Eiteman, **Fundamentals of Multinational Finance** (2nd edition), Pearson;

#### **2. Reference**

Eun & Resnick, **International Financial Management** (4th edition), McGraw Hill.

### **Evaluation**

The course evaluation is as follows:

Assignments	20%
Midterm exam	25%
Final exam	55%

### **Assignments**

Most of the assignments will be the end-of-chapter exercises of the textbook. There will be 2-3 assignments.

### **Examinations**

There will be a mid-term and final examination. They will comprise MC, short questions and long questions. Short questions test simple calculations and concepts. Long questions require analysis.

## **COURSE OUTLINE**

- Week 1**      **Introduction**  
Reading: MSE Chapter 1, 2;
- Week 2**      **Balance of Payments**  
Reading: MSE Chapter 3,
- Week 3**      **Foreign Exchange Theory**  
Reading: MSE Chapter 4,
- Week 4**      **Foreign Exchange Rate Determination**  
Reading: MSE Chapter 5,
- Week 5**      **Foreign Exchange Market**  
Reading: MSE Chapter 6,
- Week 6**      **Foreign Currency Derivatives**  
Reading: MSE Chapter 7
- Week 7**      **Mid-term**
- Week 8**      **Foreign Exchange Exposure**  
Reading MSE Chapter 8,
- Week 9**      **Foreign Exchange Exposure**  
Reading: M&E Chapter 9
- Week 10**     **Foreign Exchange Exposure**  
Reading: M&E Chapter 10,
- Week 11**     **International Portfolio Theory**  
Reading: MSE Chapter 15,
- Week 12**     **Foreign Direct Investment**  
Reading: MSE Chapter 16
- Week 13**     **Multinational Capital Budgeting**  
Reading: MSE Chapter 18
- Week 14**     **Interest Rate and Currency Swaps**  
Reading: MSE Chapter 14