

SEMESTER AT SEA COURSE SYLLABUS
Academic Sponsor, University of Virginia

Voyage: Spring 2015

Discipline: Business and Commerce

Course Title: SEMS 3500-509: International Finance

Division: Upper

Faculty Name: Dr. Phillip T. Kolbe

Credit Hours: 3; Contact Hours: 38

Suggested Prerequisites: Introductory Accounting and Corporate/Business Finance, the introductory course in finance with time value of money.

COURSE DESCRIPTION

This course is designed to give students a greater appreciation of global business from a financial perspective. We study the fundamentals of international finance within the broader context of economic globalization. We examine foreign exchange and currency markets, understanding the techniques that are used to facilitate multi-currency business. We also consider how companies think about and manage the resulting financial and operational risks. We study world financial markets and institutions, and examine how companies invest and finance on a global basis. Finally, we consider the financial management of the multinational firm, with a focus on opportunities, risks and future challenges.

COURSE OBJECTIVES

To provide an understanding of the business environment in which multinational firms operate.

To develop and discuss the variety of analytical concepts and tools utilized in financial management.

To obtain a sense of how financial analysis adjusts to changing times.

To acquire knowledge of how the nature of international financial analysis is influenced by the growth of information and improvements in financial technology.

METHODS OF EVALUATION

There will be five methods of evaluation in the course.

Port Activities -- 25%

Each research group will prepare a research paper on a port country. The research paper will summarize the international financial aspects of the port country. The report should describe the operations of the firms/organizations in the port country, as well as their competition and foreign exchange impacts. Background material on the country should be gathered before the visit in order to be more effective researchers during the visit. The report should include recommendations on how port country organizations/firms can operate more effectively. Each research group must make meaningful observations in their port country when visited. Each group will prepare a research report on their observations of the concepts of international finance in the port countries. Observations can be gathered by interviewing local people in the port country, especially local business people. These observations can be obtained from many of the tours, but can also include small business people, such as money exchangers and tourist vendors. At least one major corporation should be included in the research. Local interviews are not mandatory for the major corporation as much information can be gathered by other means. The port countries that can be examined are: Japan, China, Vietnam, India, South Africa, Namibia, and Morocco. The research paper is due at the beginning of Class 21.

Final Exam -- 25%

The final exam will consist of problems and essays to test students' understanding of the course material. The exam will be comprehensive, covering all material over the course.

Team Project and Presentation -- 25%

The project consists of two parts. The first part requires that each group prepare an exchange rate forecast for one of the major currencies that are relatively "free floating" and are actively traded against the U.S. Dollar and quoted in the Wall Street Journal. Such currencies include the Euro, the U.K. Pound Sterling, the Canadian Dollar, the Swiss Franc, the Australian Dollar, and the Mexican Peso. On one page the group must present three forecasts: 1) the spot rate on 5 December 2011, 2) the 180-day forward rate that will prevail on 5 December 2011, and 3) the spot rate on 1 December 2012. Your forecast will be graded on the quality and extent of your analysis and presentation. The analysis will be described in a separate memo not to exceed 3 pages (exclusive of exhibits). The analysis should include appropriate theories of the exchange rate, including but not limited to parity conditions. The analysis should also demonstrate an understanding of country-specific and other economic forces that impact currency values. As in forecasting stock prices, the forecast may include the impact of economic and political news, technical and fundamental analysis, and other appropriate approaches

The second part of the project should describe hedging recommendations for a specific U.S. company with operations in the country selected for the exchange rate forecast. The report should describe the company's industry, competition, and its foreign operations. The hedging recommendations should be based on how your foreign exchange rate forecast will impact the company's operating and financial flows, including marketing, production, finance, and other appropriate areas. The report must be in the form of a short memo (maximum of two pages) to the company vice president of finance. You can and should attach supporting calculations, data, and reprints in well-marked appendices. Both parts of the project are due at the beginning of Class 20. Groups will present their findings to the company directors (the rest of the class) in Class 22. The presentations will be a maximum of 10 minutes and should include appropriate handouts and use of visual aids.

Quizzes -- 10%

All quizzes will be pop quizzes and will cover assigned readings and lecture material.

Constructive Class Participation and Attendance -- 15%

Regular attendance is important. Roll will be taken every class day. If you arrive late, you will lose points. If you miss a class for a legitimate reason, notify the instructor.

Otherwise it will be counted as an unexcused absence. You will be held responsible for all material covered or assigned in class whether or not you are present. Participation includes comments and questions made during the class and the interest shown by you in and out of class.

All assignments are due on the assigned date. There will be a letter grade reduction per day for late assignments.

TOPICAL OUTLINE OF COURSE

<u>CLASS</u>	<u>TOPIC</u>	<u>CHAPTER</u>
1	Introduction and Overview	1
2	International Flow of Funds	2
3	International Financial Markets	3
4	Exchange Rate Determinants	4
5	Exchange Rate Determinants	4
6	Currency Derivatives	5
7	Currency Derivatives	5
8	Government Influences on Exchange Rates	6
9	Government Influences on Exchange Rates	6
10	International Arbitrage and Interest Rate Parity	7
11	Relationships - Inflation, Interest Rates and Exchange Rates	8
12	Forecasting Exchange Rates	9
13	Forecasting Exchange Rates	9
14	Measuring Foreign Exchange Exposures	10
15	Managing Transaction Exposures	11
16	Managing Transaction Exposures	11
17	Managing Economic and Translation Exposures	12
18	Foreign Direct Investment	13
19	Multinational Capital Budgeting	14
20	Multinational Cost of Capital and Capital Structure	17
21	International Cash Management	21
22	Team Reports	
23	The Future of International Finance	
24	Review and Wrap-up	All

FIELD COMPONENT

Field lab attendance is mandatory for all students enrolled in this course. Do not book individual travel plans or a Semester at Sea sponsored trip on the day of your field lab. Twenty percent of the contact hours for this course consist of field work. Each research team will prepare a research paper on a port country. Field visits will occur in the ports visited by our ship and will include visits to multinational and domestic firms operating in the host nation, field visits to finance departments and organizations supporting multinational firms in their financial operations, and meetings with governmental officials and agencies that are involved in finance. Research can also be gathered by interviewing local businesses in the port country. The research paper is due at the beginning of Class 21.

REQUIRED TEXT

Author: Jeff Madura
Title: *International Financial Management*
Publisher: Centage
ISBN: 13-9781133947837
Edition: 12th

RESERVE LIBRARY LIST

Author: Robert P. Clark
Title: *Global Awareness*
Publisher: Rowman and Littlefield Publishers, Inc.
ISBN: 0-7425-1593-1
Date/Edition: 2002

Editors: Frank J. Lechner and John Boli
Title: *The Globalization Reader*
Publisher: Blackwell Publishers
Date/Edition: 2004/2nd

HONOR CODE

Semester at Sea students enroll in an academic program administered by the University of Virginia, and thus bind themselves to the University's honor code. The code prohibits all acts of lying, cheating, and stealing. Please consult the Voyager's Handbook for further explanation of what constitutes an honor offense.

Each written assignment for this course must be pledged by the student as follows: "On my honor as a student, I pledge that I have neither given nor received aid on this assignment." The pledge must be signed, or, in the case of an electronic file, signed "signed."

CONDUCT OF COURSE

1. Your success in this class is important to me. I will be available to assist you during the semester. Please feel free to ask for an appointment.
2. Attendance is important. Excessive absences will hurt your comprehension of material. Students are responsible for all material covered and all announcements made whether they are present or absent.
3. Reading the assigned material before class is essential to achieving maximum benefit from class lectures and discussions.
4. It is important that each student does his/her own homework assignments. The homework problems provide students with an opportunity to apply the knowledge required from the reading material and the lectures. Exam problems parallel the homework problems. Homework is due at the beginning of class.
5. Pop quizzes may be given throughout the semester. These quizzes will cover assigned readings and lecture material. No MAKE-UPS will be permitted.
6. Constructive class participation and questions are encouraged.
7. No tape recordings of class are allowed.

CHEATING: Per the Student Conduct and Disciplinary Procedures, cheating is an academic offense, penalty for which may be suspension or dismissal. The following are some of the activities which I consider cheating:

Plagiarism of another's work.
Copying from another student's exam.
Allowing someone to copy from your exam.
Copying from another student's homework.
Allowing someone to copy your homework.
Working in groups on an individual project.
Buying solutions to homework.
"Cheat" sheets used during exams.
Stealing an exam.
Studying off of old (prior) exams other than your own.
Copying homework from a solution manual or dormitory, fraternity, sorority, and/or other files.
Changing graded exam answers and asking for "regrades."
Taking an exam for someone else.
Allowing someone else to take an exam for you.

This list is not all-inclusive.