

Finance 530: International Finance

Olin Business School: **Fall (A) 2019**

Course Objective

The objective of Finance 530 is to provide students with the framework necessary to make financial decisions in an international context. This course addresses corporate financing issues relevant for international corporations (foreign and multinational corporations). This also requires discussing the institutional environment, including details of financial markets and instruments.

Topics analyzed include: foreign exchange (currency) markets, exchange rates, forwards and swaps, hedging, and capital budgeting issues.

Olin's Pillars of Excellence:

Olin students will:

1. **Embody a values-based and data-driven ethos in their approach to all business situations**
2. **Understand the global opportunities and challenges facing business**
3. Engage with business issues through the application of experiential knowledge, in addition to the rigorous technical skills acquired in the classroom
4. Pursue world-changing initiatives with an entrepreneurial and innovative mindset and skillset

Course Material

The **optional** textbook for the course is Eun and Resnick, *International Financial Management*. The **required** course packet is available electronically on Canvas in pdf (Adobe Acrobat) format. You have the right to print this for personal use (but not for other publication).

I will not assign specific readings from the textbook, nor will I assign problems from the textbook. Its role is strictly to provide the student with additional background reading, if desired. The textbook is optional. The lectures (combined with the case studies) are designed to be self-contained.

Course Requirements

Grading. The course grade in Finance 530 is determined as follows.

Four case studies	40%
Examination	60%

Examination. The examination will be closed book (and open pocket calculator).

Case guidelines. Student study groups (aim for 5 students per group) will prepare and submit each case write-up (in paper form) at the beginning of (the relevant) class session. The estimated length of a write-up is one or two pages (plus any appendices of supporting material, such as figures or tables). It will often be natural for you to want to do your analysis using a spreadsheet; report the relevant results, not a data dump.

Recommended organization of case analysis. Determine the major problems or opportunities in the case. Critically evaluate the information provided in the case and identify the relevant issues. Confine your analysis to facts known at the time of the case, and take into account that sometimes the information provided in the case is incomplete. Therefore, do not be afraid to make reasonable assumptions, making sure that you clearly state your assumptions and are prepared to defend them in class.

Case difficulty. Cases are designed to primarily be learning experiences, rather than testing experiences. Grading is conducted with that in mind.

Some cases may therefore be challenging. If you find that a case is challenging, it is certainly possible that it was designed that way.

Instruction

Course instructor: Charles Cuny
Office: Simon 201A
Telephone: 314-935-4527 (but email is preferable)
Office hours by appointment
Email: cuny@wustl.edu (please use email, not Canvas)

Course Outline

It is possible that there will be some (likely minor) variation in the following schedule, depending upon the speed of topic coverage. The chapter in Eun and Resnick's *International Financial Management* most closely associated with the lecture is listed (my desk copy is the fifth edition).

Week	Date	Topic	Chapter
1	Aug 28	Foreign exchange (FX) market	5
2	Sep 4	Parity relationships	6
3	Sep 11	FMA case; swaps	14
4	Sep 18	Toque Brothers case; hedging	8
5	Sep 25	Reali case; cost of capital	17
6	Oct 2	Brazil case, review problems	not applicable
7	Oct 9	Exam	

Case 1: FMA

Case 2: Toque Brothers Construction Financing

Case 3: Reali Marble Works

Case 4: Cost of Capital in Brazil

Academic Honesty

At a minimum, academic integrity requires that any [graded] work submitted for this course must actually be that of the student. For example, **materials such as assignments from other groups or cases from previous years may not be consulted.**

More generally, be careful to cite the ideas and words of others. Matters of academic integrity should be taken seriously. Please ask me for clarification if you have any questions about academic integrity in this course.

Olin Business School is a community of individuals with diverse backgrounds and interests who share certain fundamental goals. Primary among these goals is the creation and maintenance of an atmosphere conducive to learning and personal growth for everyone in the community. Becoming a member of the Olin community is a privilege that brings certain responsibilities and expectations. The success of Olin in attaining its goals and in maintaining its reputation of academic excellence depends on the willingness of its members, both collectively and individually, to meet their responsibilities. All individuals associated with Olin should conduct themselves with the utmost integrity in all aspects of their life, both on and off campus.

Please refer to the *Olin Code of Conduct handbook* for responsibilities, guidelines and procedures regarding academic integrity. You may also consult with (Dean) Steve Malter if you have questions, concerns, or need clarification.

Olin Policy on Professional Conduct in the Classroom

- **Punctuality:** Students are expected to arrive and be seated prior to the start of each class session. **Students must display their name cards in all classes at all times. Students without name cards displayed will be asked to introduce themselves (providing additional detail, if later in the semester), and are most likely to be cold-called.**
- **Behavior:** Classroom interaction will be conducted in a spirited manner but always while displaying professional courtesy and personal respect.
- **Preparation:** Students are expected to complete any readings, case preparations and other assignments prior to each class session and be prepared to actively participate in any class discussion.
- **Distractions:**
 - *Exiting and Entering:* Students are expected to remain in the classroom for the duration of the class session unless an urgent need arises or prior arrangements have been made with the professor.
 - *Laptop, PDA, and Other Electronic Device Usage:* Students are expected to not use laptops, PDAs, and other electronic devices in classrooms **except for activities directly related to the class session.** Accessing e-mail or the Internet (except for class activity) during class is not permitted as this can be distracting for others.

- *Cellular Phone and Pager Usage:* Students are expected to keep their mobile phones and pagers turned off or have them set on silent/vibrate during class. Answering phones or pagers while class is in session is not permitted.

Disabilities

Reasonable accommodations will be made for students with verifiable disabilities. Students who qualify for accommodations must register through Washington University's Center for Advanced Learning Disability Resources (DR) in Cornerstone. Their staff members will assist me in arranging appropriate accommodations.

Masters Students Policy on Missing Classes and Exams for Interviews

We strongly advise that Masters students schedule job and internship interviews around their class times and exam schedules. Employers understand that academics are your top priority. For off-campus interviews at the employer's site, most will accommodate a student who needs to schedule an interview around a class or exam. For on-campus interviews, you should sign up quickly- as soon as possible- since these timeslots are fixed and are available on a first-come first-served basis only. In the event that an interview conflicts with a scheduled class, you must notify the professor in advance; the sooner you do that you demonstrate professional courtesy and a sense of commitment to the professor. How the professor treats the absence is at the professor's discretion in accordance with the course syllabus or other means of communication. An interview conflict is not a valid reason for missing an exam. If you experience or anticipate problems, you should seek advice from Weston Career Center MBA advisors.

Management Communication Center

The Management Communication Center, located in Simon Hall 121, is an Olin Business School resource that combines leading edge technology with traditional in-person consultations to sharpen the management communication skills of undergraduate and graduate students. Staffed by communication professionals and graduate student consultants, the MCC provides one-on-one coaching and group consultations to address written, oral and presentation communication challenges. In addition, consultants can assist international students improve written and spoken English skills. Through coaching, practice, and critique sessions, the MCC can help Olin students develop strategies to expand their ability to craft clear, concise and compelling communications.

The Weston Career Center advisors also refer students to the MCC for extra assistance with job-search related communication skills, including cover letters, self-introduction pitch and business correspondence.

To schedule an appointment, go to <http://olinwustl.campusgroups.com/mcc/about/> or directly to <https://wustl.mywconline.com/>

Accommodations based upon sexual assault

The University is committed to offering reasonable academic accommodations to students who are victims of sexual assault. Students are eligible for accommodation regardless of whether they seek criminal or disciplinary action. Depending on the specific nature of the allegation, such measures may include but are not limited to: implementation of a no-contact order, course/classroom assignment changes, and other academic support services and accommodations. If you need to request such accommodations, please direct your request to Kim Webb (kim_webb@wustl.edu), Director of the Relationship and Sexual Violence Prevention Center. Ms. Webb is a confidential resource; however, requests for accommodations will be shared with the appropriate University administration and faculty. The University will maintain as confidential any accommodations or protective measures provided to an individual student so long as it does not impair the ability to provide such measures.

If a student comes to me to discuss or disclose an instance of sexual assault, sex discrimination, sexual harassment, dating violence, domestic violence or stalking, or if I otherwise observe or become aware of such an allegation, I will keep the information as private as I can, but as a faculty member of Washington University, I am required to immediately report it to my Department Chair or Dean or directly to Ms. Jessica Kennedy, the University's Title IX Coordinator. If you would like to speak with the Title IX Coordinator directly, Ms. Kennedy can be reached at (314) 935-3118, jwkennedy@wustl.edu, or by visiting her office in the Women's Building. Additionally, you can report incidents or complaints to Tamara King, Associate Dean for Students and Director of Student Conduct, or by contacting WUPD at (314) 935-5555 or your local law enforcement agency. You can also speak confidentially and learn more about available resources at the Relationship and Sexual Violence Prevention Center by calling (314) 935-8761 or visiting the 4th floor of Seigle Hall.

Bias Reporting

The University has a process through which students, faculty, staff and community members who have experienced or witnessed incidents of bias, prejudice or discrimination against a student can report their experiences to the University's Bias Report and Support System (BRSS) team. See: brss.wustl.edu

Mental Health

Mental Health Services' professional staff members work with students to resolve personal and interpersonal difficulties, many of which can affect the academic experience. These include conflicts with or worry about friends or family, concerns about eating or drinking patterns, and feelings of anxiety and depression. See: shs.wustl.edu/MentalHealth