

SEMESTER AT SEA COURSE SYLLABUS

University of Virginia, Academic Sponsor

Voyage: Spring 2016

Discipline: Economics

Course Title: International Finance

Division: Upper

Faculty Name: Chandrashekar (Chandra) G. Ranade

Credit Hours: 3; Contact Hours: 38

Pre-requisites:

Intro to Macroeconomics, Intro to Microeconomics.

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

Upon completion of this course the student will be able to:

1. express what globalization means to managers and the changes that have resulted from the expansion of global business,
2. explain the impact of managing within a wide variance in national cultures, political systems, economic systems, social structures, languages and corporate cultures,
3. describe the impact of FDI on the home and host country, the growth of FDI and the implications that FDI decisions have on management issues,
4. explain the impact of the foreign exchange market and the role of the international monetary system in business financial decision-making,
5. be able to tell the importance of foreign exchange management as well as the impact of international financial institutions on financial decision-making,
6. describe strategic shifts and organizational adjustments required by business involved in global trade, and
7. develop a plan or strategy that enables a business to grow with or accommodate global business

REQUIRED TEXTBOOKS

AUTHOR: Eiteman, Stonehill, and Moffett
TITLE: Multinational Business Finance
PUBLISHER: Prentice Hall
ISBN #: 0132743469; 9780132743464; 0132743485; 9780132743488
DATE/EDITION: 2013 13th Edition

TOPICAL OUTLINE OF COURSE

Depart Ensenada- January 5:

B1- January 8:

Introduction

Reading

Chapter 1

Questions

What is so special about International Finance?
What is the relationship of globalization with finance?
What were the financial crises of 2008-2009?

Assignment

Questions from Chapter 1.

Throughout the course Moodle will be used for the assignments

B2-January 10:

International Monetary System

Reading

Chapter 3
IMF Website

Questions

How has the international monetary system evolved over time?

What is the role of the IMF?
What are different exchange rate systems?

Assignments

Discussion questions based on IMF website
Exercises from Chapter 3.

Honolulu: January 12

B3- January 13:

The Balance of Payment

Reading

Chapter 4

Questions

What is the difference between current and capital accounts?
What is the Balance of Payment situation for the countries to be visited?

Assignment

Group work on the Balance of Payment situation in the countries to be visited during the voyage

B4-January 15:

The Balance of Payment (Contd.)

Reading

Chapter 4
IMF Website

Questions

What is the relationship of exchange rate and balance of payment?

Assignment

Group work presentations

B5-January 18:

The Global Financial Crisis of 2008

Reading

Chapter 5
Documentary, “Inside Job”

Questions:

What caused the financial crisis of 2008?

Assignment:

Discussion questions on Moodle

Study Day: January 19

B6- January 21:

The Foreign Exchange Market

Reading

Chapter 6

Questions:

What are various transactions in the foreign exchange market?

Assignment:

Questions from Chapter 6.

B7-January 23:

Real Exchange Rates and Purchasing Power Parity

Reading

Chapter 7
Questions:

What is the difference between nominal and real exchange rates?
What is the BigMac index?
What is the relationship of PPP with real exchange rates?

Assignments:

Exercises based on Chapter 7.

Yokohama: January 24-25
In-Transit: January 26
Kobe: January 27-28

B8- January 30:

FDI from China

Reading:

IMF papers on China

Questions:

What is the effect of China's FDI in other countries?

Assignment

Quiz based on Chapters 1 to 7.

Shanghai: January 31-February 1
In-Transit: February 2-3
Hong Kong: 4-5

B9- February 7:

Foreign Currency Derivatives and Swaps

Reading

Chapter 8.

Questions

What are the currency derivatives and swaps in the foreign exchange market?
Why are these instruments considered destructive?

Assignment:

Exercises from Chapter 8.

Ho Chi Minh: February 8-12

B10- February 14:

Foreign Exchange Rate Determination and Forecasting

Reading:

Chapter 9

Question

What determines the exchange rate between currencies?

Assignments:

Exercises from Chapter 9.

B11-February 17:

Financial Markets in Myanmar

Reading:

The World Bank country reports.

Question:

What are the financial institutions in Myanmar?

What lessons can we draw from Vietnam?

Assignment:

Sharing of country experiences from Vietnam and China.

Yangon: February 8-22

B12-February 24

Mid Term Examination

B13- February 26:

International Capital Flows to India

Reading:

Various articles in the Business Standard

Questions:

Is the Indian economy turning around and have financial flows to India increased?

Assignment:

Class discussion

Cochin: February 27-March 3

B14-March 5:

India: Issue of Governance and Finance

Reading:

Various articles from Economic and Political Weekly and Business Standard

Questions

How does corruption affect finance?

What is the role of governance?

What is the role of social entrepreneurship?

Assignment:

Discussion on Moodle and in class.

B15-March 8:

International Financial Institutions

Reading

Various websites for The World Bank, Asian Development Bank and African Development Bank

Question:

Are these multilateral financial institutions still important?

Assignment:

Discussion in class.

Port Louis: March 8

B16- March 11:

Transaction Exposure

Reading:

Key pages from Chapter 10

Questions

What are various types of foreign exchange exposures?

Assignment

Exercise from Chapter 10.

B17-March 14:

Translation Exposure

Reading

Chapter 11

Question:

What is so special about translation exposure?

Assignment:

Exercises from Chapter 11.

Cape Town: March 15-20

B18- March 22:

Operational Exposure

Reading

Chapter 12

Question:

What is so special about Operating Exposure?

Assignment:

Exercises from Chapter 12.

B19-March 24:

The Global Cost and Availability of Capital

Reading:

Chapter 13

Questions:

How can firms tap global capital markets for the purpose of minimizing their cost of capital and maximizing capital's availability?

Is global capital cheaper?

Assignment

Analysis of the Mini Case from Chapter 13.

B20-March 26:

International Portfolio Theory and Diversification

Reading

Chapter 16

Question:

How does application of portfolio theory reduce risks of asset portfolios held by MNCs?

Assignment

Exercises from Chapter 16.

Takoradi: March 27-28

Tema: March 29-31

B21- April 2:

Foreign Direct Investment and Political Risk

Reading

Chapter 18

Questions:

What is the experience so far gained in the voyage about political risks in various countries visited?

Assignment:

Group Discussion.

B22-April 4:

International Trade Finance

Reading:

Chapter 20

Questions:

How do exporters guarantee payments from the importers?

Assignment:

Discussion questions on the chapter Mini Case

B23: April 6:

Wrapping it Up

Discussion on country experiences in Finance.

Casablanca: April 7-1

B24: April 13:

Final Examination

FIELD WORK

Experiential course work on Semester at Sea is comprised of the required field lab led by your instructor and additional field assignments that span multiple ports.

FIELD LAB (At least 20 percent of the contact hours for each course, to be led by the instructor.)

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.

The field lab for this course takes place on: Date February 19, 2016

VISIT TO THE MARKET AND THE WORLD BANK: A visit to the market place and discussions with traders will help in getting an understanding of how markets function and traders finance their trade in a growing emerging market economy like Myanmar. The visit to the World Bank will expose various aspects of the functions of the World Bank at country level.

Academic Objectives:

1. To study about the functions of the World Bank at country level.
2. To learn about international finance from the CEO involved in international business.
3. Learn about various constraints faced at country level.

FIELD ASSIGNMENTS

The class will be divided into 6 teams for the fieldwork in each ports visited. Each team will track formal and informal financial markets in the country of visit. The group will record how financial transactions take place in informal markets and discuss variability in institutions and processes. The group will also record nominal and real interest rates in the formal and informal markets. Each group will write a 5-10 page paper. The paper will be due no later than the second class meeting after the last port visited. Each group makes a short presentation of their findings at the last regular class meeting.

Field assignments will be evaluated on the basis of the following rubric for the report.

CRITERIA	SCALE	Grading Numbers Rubrics	TOTAL
Knowledge level as it relates to development indicators(30%)	20 19 18 17 16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1	20= Presenter consistently demonstrated knowledge of the topics studied	

Structure of presentation (30%)	10 9 8 7 6 5 4 3 2 1	10 = Presentation followed a logical flow as follows: From data collection to the theory tested	
Handling of questions (30%)	25 24 23 22 21 20 19 18 17 16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1	25= Presenter was able and willing to answer all questions; responded to questions with an appropriate level of detail	
New Insight (10%)	10 9 8 7 6 5 0	10= Something completely new idea generated not discussed in the class 0=No idea	
(100%)			TOTAL

METHODS OF EVALUATION / GRADING RUBRIC

Field Work:	25%
Assignments (Weekly):	20%
Quizzes	20%
Mid Term Examination	15%
Final Examination	20%

RESERVE BOOKS AND FILMS FOR THE LIBRARY

Inside Job Documentary will be shown on CCTV.

ELECTRONIC COURSE MATERIALS

Electronic material will be posted on the intranet on the ship.

ADDITIONAL RESOURCES

Additional DVD's will be given to the library on the ship.

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].”