

**University of Georgia
Terry College of Business**

**FINA 4810
International Finance
Spring 2008 (January 7th – April 30th 2008)**

Sanford 209
Monday, Wednesday, and Friday: 10:10-11:00am

Instructor: Ilker Kaya
Email: ilker@uga.edu

Office Hours:

Tuesday and Wednesday from 11:10 am to 12:10 pm and by appointment. Office hours are to address specific questions you may be having with the course material. Office hours are not a substitute for class attendance and I will not repeat lectures or provide you with my lecture notes. (The location for office hours will be announced in class.)

Required Textbook:

- Cheol S. Eun and Bruce G. Resnick, *International Financial Management*, McGraw Hill Irwin, 4th edition, 2007.
- A financial calculator that can do NPV analysis (e.g., TI BA II Plus or HP 10B)

Supplemental Materials:

Supplemental materials will be posted on WebCt.

Prerequisites:

FINA 3000 and (MSIT 3000 or STAT 3000)
These must be completed prior to enrolling in this course unless otherwise specified by the Department.

WebCT and e-mail:

Course materials will be posted on WebCT. You must have "myid" to access these course materials. If you do not have a UGA "myid", you can get one at <https://www.arches.uga.edu/myid/>.
At times I may communicate with you via the e-mail facility in WebCT. Therefore, it is your responsibility to check it on a regular basis.

Attendance:

Your attendance in this class will not be monitored and will not account a portion of your final grade, but note that excessive absences are often correlated with poor test performance.

Lecture notes will be posted on WebCT but these should not substitute for coming to class. In the event that you do miss a class, you should see a classmate for copies of that day's notes for any discussion or explanations not included in the online notes.

Course Description and Objective:

International business decision making emphasizes the effects of internationalized financial and non-financial markets. This course explores the fundamental topics in international finance with a focus on financial decision-making. Topics include exchange rates and the international parity conditions, international financial markets, exchange rate analysis, currency risk management, capital budgeting, and financial and corporate strategy. The goal of the course is to provide students with sufficient exposure to the theories, institutional details and practical applications of international finance that students will be able to evaluate situations and arrive at optimal decisions.

The course will be composed of lectures, class discussions, problem solving and case applications. There is much more to learn about international finance than can be covered in this class. Thus, the structure is going to be somewhat flexible and the course outline is tentative.

Classroom Sessions and Textbook:

I will follow closely the required textbook and use simplified examples where appropriate. The class sessions and the textbook are meant to complement each other. I encourage you to attend all classes and read the assigned readings before the class sessions. I believe that this approach will allow you to benefit most from the class sessions. Please feel free to ask questions during our class time. See the attached course outline for the assigned readings.

Assignments/ Exams/ Grading:

There will be three assignments, two in-class exams and a final.

Assignments: I strongly suggest that you test your knowledge by answering questions and working problems from the textbook. I will assign three graded assignments and the grades from your assignments will count to your final grade.

In-class exams: The two in-class exams will be on **Wednesday, February 20** and **Wednesday, April 2**. These exams will be short-answered questions. Solutions to the exam will be posted. Hard copies will not be handed out in class.

Final Exam: The final exam is scheduled for **Wednesday, April 30**, (8:00 - 11:00 am) Sanford 209. It is comprehensive and will include all the material that we cover.

Makeup exams: There will be **NO MAKEUP EXAMS** for the in-class exams or the final exam. Please meet me if your class schedule conflicts with any of the exam times (that is, in-class exams or final exam) as soon as possible.

If you cannot take an in-class exam on the scheduled day, you need to present a verified excuse. If you have a valid excuse for missing an in-class exam, the weight of that test will be shifted to the final exam. Failure to take the final exam at the scheduled time will result in a grade of zero. Two exceptions to this rule apply:

- (i) if you complete the process outlined by the Office of Curriculum Systems (www.curriculumsystems.uga.edu), verifying that you have another final exam scheduled for the same time or three final exams scheduled for the same day: or
- (ii) if the Office of the Vice President for Student Affairs verifies that you have a family emergency or personal illness that impedes your ability to take the final exam.

Overall Course Grade: Your course grade will be calculated by multiplying the weights by the percentage you score and determining a weighted average. Grades will be determined in accordance with the UGA grading scale:

95 and above	A
90 - 94.9	A-
86 - 89.9	B+
82 - 85.9	B
78 - 81.9	B-
74 - 77.9	C+
71 - 73.9	C
68 - 70.9	C-
60 - 67.9	D
59.9 and below	F

Your grade will be based on the following:

Assignments	15 percent
2 In-class Exams	25 percent each
Final Exam	35 percent

There are no opportunities for extra credit; you will receive the grade that you earn.

Academic Honesty:

I will strictly follow UGA's Academic Honesty Policy, which is described at http://www.uga.edu/ovpi/academic_honesty/culture_honesty.htm. All academic work must meet the standards contained in "A Culture of Honesty." Each student is responsible for knowing those standards before performing academic work. Note that under this policy a student found guilty of academic dishonesty receives an "F" in the

relevant class and may be suspended or expelled from the University. I will report any violations of the academic honesty code to the Office of the Vice President for Instruction.

Special Needs:

I am aware that there are many situations that may arise during the semester that can affect your in-class performance. Students with a disability or health-related issues who need a classroom accommodation should make an appointment to see me as soon as possible. Please present the appropriate documentation from Disability Services at that time.

Course Syllabus and Outline:

Please see the attached course syllabus and outline for important dates. The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.

Comments:

I encourage you to do the work and the assigned problems as revision for the chapters and as practice for the graded assignments and exams as we go along in the semester. They will be a good gauge of your understanding of the course-material. Please feel free to use my office hours to discuss the practice assignments as well.

Good luck for the semester!

Tentative Outline of Topics and Assignments

I. Foundations of International Financial Management

Chapter 1: Globalization and the Multinational Firm

Chapter 2: International Monetary System

Chapter 4: Corporate Governance around the World
Mini-Case: Parmalat: Europe's Enron

II. The ForEx Market, Exchange Rate Determination, and Currency Derivatives

Chapter 5: The Market for Foreign Exchange
Mini-Case: Shrewsbury Herbal Products, Ltd.

Chapter 6: International Parity Relationships and Forecasting Foreign Exchange Rates
Mini-Case: Turkish Lira and Purchasing Power Parity

Chapter 7: Futures and Options on Foreign Exchange
Mini-Case: The Options Speculator

III. Foreign Exchange Exposure and Management

Chapter 8: Management of Transaction Exposure
Mini-Case: Chase Options, Inc.

Chapter 9: Management of Economic Exposure

IV. Financial Markets and Institutions

Chapter 11: International Banking and Money Market

Chapter 12: International Bond Market
Mini-Case: Sara Lee Corporation's Eurobonds

Chapter 13: International Equity Markets

Chapter 14: Interest Rate and Currency Swaps
Mini-Case: The Centralia Corporation's Currency Swap

V. Financial Management of the Multinational Firm

Chapter 16: Foreign Direct Investment and Cross-Border Acquisitions

Chapter 18: International Capital Budgeting
Mini-Case 1: Dorchester, Ltd.

Other topics to be determined.