

Faculty of Economics and Political Science

International Finance

Information :

Course Code : ECO 302

Level : Undergraduate

Course Hours : 3.00- Hours

Department : Department of Economics

Area Of Study :

This course provides an overview of different exchange rate regimes, the foreign exchange markets. It pinpoints the techniques of speculation, arbitrage, and hedging. Theories of interest rate parity and purchasing power parity are illustrated. The course covers national income identity, countries international transactions with the rest of the world through the Balance of Payment. It also focuses on the international monetary arrangements, and the role of international financial institutions, financial markets, and financial instruments such as derivatives.

Course Goals:

- ÇDistinguish between different exchange rate regimes.
- ÇUnderstand the role of international financial markets.
- ÇAcquaint students with the use of various financial instruments to manage risk.
- ÇInform students with both theoretical and empirical works to understand the financial issues facing firms.
- ÇFamiliarize students with the Balance of Payment accounts.
- ÇAnalyze different case studies.

Description :

This course provides an overview of different exchange rate regimes, the foreign exchange markets. It pinpoints the techniques of speculation, arbitrage, and hedging. Theories of interest rate parity and purchasing power parity are illustrated. The course covers national income identity, countries international transactions with the rest of the world through the Balance of Payment. It also focuses on the international monetary arrangements, and the role of international financial institutions, financial markets, and financial instruments such as derivatives.

Course outcomes :

a.Knowledge and Understanding: :

- | | |
|-----|--|
| 1 - | Recognize the structure of countries balance of payment |
| 2 - | Comprehend the relation among international markets. |
| 3 - | Distinguish between techniques of speculation, arbitrage, and hedging. |
| 4 - | Outline financial instruments such as derivatives. |
| 5 - | Differentiate between different exchange rate regimes. |

b.Intellectual Skills: :

- | | |
|-----|---|
| 1 - | Analyze the monetary system and its impact nationally and internationally. |
| 2 - | Examine analytically different issues in International Finance. |
| 3 - | Acquire analytical judgments for countries economic decisions concerning exchange rates. |
| 4 - | Compare and evaluate different theories of international finance, their modeling frame works and results. |
| 5 - | Analyze risk analysis of financial issues and decisions. |

c. Professional and Practical Skills: :

1 -	Illustrate the links between national saving, investment, and current account.
2 -	Relate the developed skills to the interpretation of real world events and cases of international finance.

d. General and Transferable Skills: :

1 -	Acquire analytical Judgment for countries economic decisions concerning exchange rates.
2 -	Develop skills in terms of analysis, synthesis of debate, the evaluation of evidence and hypothesis in the field of international finance.
3 -	Gain skills of the decision- making process in International Finance.

Course Topic And Contents :

Topic	No. of hours	Lecture	Tutorial / Practical
Introductory lecture and course outline - The International Monetary System Ç Bretton Woods's system, the flexible exchange rate regime, European monetary union, Fixed versus flexible exchange rate regimes.	6	2	
Multinational Corporation (MNC) Ç The major dimensions of international finance, Goals for the international financial management. Globalization: recent trends and MNCs.	6	2	
Balance of Payment Ç Balance of payment accounts, Balance of payment identity, Balance of payment trends in major countries	6	2	
Group presentations for different case studies.	3	1	
Midterm Exam		1	
Financial instruments to manage risk. Ç speculation, arbitrage, and hedging Ç Theories of interest rate parity and purchasing power parity	6	2	
Foreign Exchange Market ñ FOREX Function and structure of FOREX, The spot market, The forward market Financial instruments such as derivatives	12	4	
Final Exam		1	

Teaching And Learning Methodologies :

Demonstration videos
Presentation
Simulations
Debates
Group discussion
Research Paper

Course Assessment :

Methods of assessment	Relative weight %	Week No	Assess What
Course Work (Attendance, Participation, Assignments, Quizzes, Research Paper)	30.00		To assess understanding and to assess theoretical background of the intellectual and practical skills.
Final Exam	40.00	15	To assess knowledge and intellectual skills.
Midterm Exam	30.00	8	To assess professional skills.

Recommended books :

Steven Husted and Michael Melvin, "International Economics"(8th edition), Addison-Wesley, Pearson, USA, 2010.