



**DEPARTMENT OF INTERNATIONAL BUSINESS**

**COURSE TITLE:** International Business Finance

**COURSE NUMBER:** IBUS 3301 - 10

**SEMESTER:** Spring 2020

**SCHEDULE:** Tuesdays and Thursdays, 11:10 – 12:25, 1957 E Street, Room 214

**COURSE DESCRIPTION:** Analysis of the international economic environment and its influence on corporate financial management of international operations.

**PROFESSOR:** Reid W. Click  
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**OFFICE HOURS:** Tuesdays, 4:00 – 6:00  
and by appointment

**COURSE OBJECTIVES:** The objective of this course is to enhance the ability of students to: (1) evaluate the international financial and monetary environment and (2) make decisions and solve problems arising in the international financial operations of a firm. The course deals with both the theory and the practice of international financial management.

**PREREQUISITES:** BADM 3501, Financial Management and Markets  
IBUS 3101, Global Financial Environment

**COURSE  
MATERIALS:**

The textbook for the course is:  
Madura, *International Financial Management*, 13<sup>th</sup> Edition, Cengage Learning, 2017.

There is also a packet of 4 cases available from Harvard Business School. The four cases are:

- Voyages Soleil
- Molto Delizioso
- Foreign Exchange Hedging Strategies at GM: Competitive Exposures
- Samoa Tala

The packet is available at: <https://hbsp.harvard.edu/import/688009>

You also need to read a business newspaper such as *The Wall Street Journal* or *The Financial Times* to keep up with current international business events. *The Wall Street Journal* offers more depth to coverage, and that's what I read. A subscription to *The Wall Street Journal* is affordable with student prices and is available in print and digital editions. The print version will be delivered six days per week (Monday through Saturday) and the digital version is updated continuously. Information on student subscriptions is available at <http://r.wsj.net/nQPqM>. A print-and-digital version is available for \$10 per month, and the digital-only version is available for \$4 per month.

You will also need a simple calculator, particularly for use on the exams. It does not need to be a financial calculator or programmable, but something that will relieve you from doing addition, subtraction, multiplication and division by hand. You will not be allowed to use cellular phones for this purpose during the exam.

There will also be occasional handouts passed out in class or posted on Blackboard at [blackboard.gwu.edu](http://blackboard.gwu.edu).

**EVALUATION:**

In accordance with University regulations, each student will receive a grade of A, B, C, D, or F (with + or – as appropriate). Grades will be based on three exams, four case memoranda (prepared in teams) and class performance, according to the following point scale (and weights):

EXAM 1	100 POINTS	25%
EXAM 2	100 POINTS	25%
EXAM 3	100 POINTS	25%
TEAM CASE MEMORANDA (4)	60 POINTS	15%
CLASS PERFORMANCE	40 POINTS	10%
<b>TOTAL</b>	<b>400 POINTS</b>	<b>100%</b>

The exams will cover material contained in the lectures, class discussions, and assigned readings (including handouts). Make-up exams for missed exams will be given only in extreme emergencies, so you must plan to take the exams at the stated dates and times.

For the cases, students are required to work in teams (of approximately 3 people) to write short and concise executive summaries (approximately 2 pages, but depending on the case, and possibly with exhibits attached) of their recommendations pertaining to the case. Questions for the cases will be handed out in advance. The cases will also be discussed in class.

Class performance will be assessed on attendance, contribution to class discussions, and responses to questions asked in class.

For both exams and class discussion, you must keep up with current events in international business finance.

Although not graded, you are encouraged to work Self-Test Questions and problems at the end of each assigned chapter in order to prepare for the exams. As part of the class assignments, some specific questions from each chapter are recommended. Answers to the Self-Test Questions are in Appendix A of the textbook. Answers to the recommended Questions and Applications will be posted on Blackboard.

<b>SCHEDULE OF CLASSES</b>		
<b>PART 1: EXCHANGE RATES</b>		
<b>DATE</b>	<b>TOPIC</b>	<b>ASSIGNMENT</b>
Tuesday, January 14	Introduction International Financial Flows	Chapter 2 Self-Test Question #1 Questions and Applications #9, #12, #13
Thursday, January 16	International Financial Markets	Chapter 3 Self-Test Questions #1, #3 Questions and Applications #3, #4, #10, #11, #23, #25
Tuesday, January 21	Elements of Exchange Rate Determination	Chapter 4 Self-Test Questions #2, #3 Questions and Applications #1, #4, #22, #25
Thursday, January 23	Currency Derivatives	Chapter 5 Self-Test Question #4 Questions and Applications #4, #6, #14, #16, #17, #23
Tuesday, January 28	Interest Rate Parity	Chapter 7 Self-Test Questions #1, #2, #3, #5 Questions and Applications #17, #21, #31, #35
Thursday, January 30	Inflation, Interest Rates, and Exchange Rates	Chapter 8 Self-Test Questions #4, #5, #6 Questions and Applications #19, #20, #24, #25, #26
Tuesday, February 4	Discussion of Integrative Problems #1 and #2	
Thursday, February 6	EXAM 1	

**PART 2: FOREIGN EXCHANGE EXPOSURE AND MANAGEMENT**

<b>DATE</b>	<b>TOPIC</b>	<b>ASSIGNMENT</b>
Tuesday, February 11	Exchange Rate Exposure	Chapter 10 Introduced Self-Test Questions #2, #3, #4 Questions and Applications #2, #21, #27, #44, #45 with $\sigma = 2.9$
Thursday, February 13	Exchange Rate Exposure Continued	Chapter 10 Continued
Tuesday, February 18	Molto Delizioso Case Discussion	Hand in Case Memorandum
Thursday, February 20	Hedging Transaction Exposure	Chapter 11 Self-Test Questions #1, #2, #3, #4, #5, #6 Questions and Applications #7, #11, #12, #19, #27, #39
Tuesday, February 25	Voyages Soleil Case Discussion	Hand in Case Memorandum
Thursday, February 27	Managing Economic Exposure	Chapter 12 Self-Test Questions #1, #2 Questions and Applications #9, #11, #12
Tuesday, March 3	Foreign Exchange Hedging Strategies at GM: Competitive Exposures Case Set-Up	Read Case and Case Questions
Thursday, March 5	Team Work on Case	
Tuesday, March 10	Final Case Discussion Discussion of Integrative Problem #3	Hand in Case Memorandum Correction in Integrative Problem #3: On page 412 in the first table, Canadian dollar Total Outflow should be C\$ 2,000,000.
Thursday, March 12	EXAM 2	
Tuesday, March 17 Thursday March 19	SPRING BREAK	NO CLASSES

**PART 3: CROSS-BORDER INVESTMENT**

<b>DATE</b>	<b>TOPIC</b>	<b>ASSIGNMENT</b>
Tuesday, March 24	Direct Foreign Investment International Capital Budgeting: Basics	Chapter 13 Self-Test Questions #1, #2 Questions and Applications #6, #10, #18 Chapter 14 Introduced
Thursday, March 26	International Capital Budgeting: Extensions	Chapter 14 Continued Self-Test Questions #3, #4, #5 Questions and Applications #16, #20, #29
Tuesday, March 31	Country Risk Analysis	Chapter 16 Self-Test Question #5 Questions and Applications #22, #25, #27
Thursday, April 2	International Cost of Capital and Capital Structure: Preliminaries	Chapter 17 Introduced Self-Test Questions #1, #2, #4, #5 Questions and Applications #12, #13, #14, #22, #23 with additional questions
Tuesday, April 7	International Cost of Capital and Capital Structure: Optimization	Chapter 17 Continued
Thursday, April 9	Long-Term Financing	Chapter 18 Self-Test Questions #2, #3 Questions and Applications #6, #11
Tuesday, April 14	Discussion of Integrative Problem #4	
Thursday, April 16	EXAM 3	
Tuesday, April 21	Samoa Tala Case Set-Up	
Thursday, April 23	Samoa Tala Case Discussion	Hand in Case Memorandum