



THE GEORGE WASHINGTON UNIVERSITY

SCHOOL OF
BUSINESS

DEPARTMENT OF INTERNATIONAL BUSINESS

COURSE NUMBER: IBUS 3301 **SEMESTER:** Spring 2018

COURSE TITLE: International Business Finance

PROFESSOR: Meghana Ayyagari, Associate Professor of International Business

CLASS TIME & PLACE: Tue/Thu, 12:45 – 2:00 PM, DUQ 152

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OFFICE HOURS: Thu 2:30 – 3:30PM and by appointment

COURSE DESCRIPTION:

This course provides an overview of the international financial environment within which multinational firms and financial institutions operate. It involves an analysis of the challenges firms face and the international financial management strategies to cope with these challenges. The course will cover three main topics – the transactions in the foreign exchange market; exchange rate risk and hedging strategies; and firm-related issues such as raising capital abroad, cost of capital for international projects and international capital budgeting. The course is quantitatively intensive.

COURSE OBJECTIVES:

By the end of the course, students should be able to...

- Understand the functioning of global capital markets and fundamental international parity relationships;
- Analyze the Spot and Derivative (Forwards, Futures, Options and Swaps) transactions in the foreign exchange market;
- Compare and contrast the fundamental ways of dealing with different types of exchange rate uncertainty;
- Apply the principles of capital issuance and capital budgeting of financial decisions to an international context; and
- Apply the above concepts to the decision making process faced by any financial manager.

REQUIRED READINGS: Cheol S. Eun and Bruce G. Resnick, International Financial Management, McGraw-Hill/Irwin, 8th edition. You may choose to use an older version but noting that it is your responsibility to see what material has changed between editions.

PEDAGOGY:

Classes will include a mix of lectures, cases, article discussions, videos, and group activities. All lecture material will be available through Blackboard (<http://blackboard.gwu.edu>). It will be the students' responsibility to download the relevant power-point handouts for that day's class. You are expected to check the course website regularly before and after each class. It is advised that students first familiarize themselves with the lecture notes and look to the text book for supplementary reading. Please bring a calculator to every class.

ASSESSMENT:

Exam 1	25 %
Exam 2	35 %
2 Quizzes	10%
Home-works	20 %
Class Participation	5 %
Article Analysis	<u>5 %</u>
	100%

Exams:

Exam 1 will be given on **March 1st** during the class hour. Exam 2 will be given during finals week. There will be no make-up exams given and absences from exams are allowed only for validated medical reasons. Unexcused absences from exams will result in a zero score in the calculation of the final grade. Scheduling conflicts with exam dates must be cleared well in advance with the instructor.

The exams will consist of a mix of multiple choice questions, numerical problems, and short answer questions. They will cover material from lectures, class discussions and assigned readings (including handouts). The multiple choice questions are meant to test you on some basic definitions and terms, the numerical problems will test you on your ability to apply the concepts to real world problems and the short answer questions will need you to integrate and apply course content across multiple class topics. The numerical problems will involve a fair amount of number crunching and the secret to preparing for it is practice, not rote memory work. For all exams, you are allowed to bring in a financial calculator. Exams will be closed book.

Please note that your class notes will be the primary reference for exams. Your text is for background, and more extensive readings, as well as for homework problems.

In-Class Quizzes:

There will be two written quizzes in class testing you on concepts covered in class. These are open book/notes.

Home-works:

There will be regular homework assignments that should be worked on in groups of *two*. These assignments are designed to give you practice with the types of calculations and concepts that are important to a proper understanding of the material of the course.

Article Analysis:

To encourage students to connect learning in this course to real-world issues, one of the homework assignments is the analysis of a recent article – published either online or a print source. Some examples of media outlets are The Economist, the New York Times, the Wall Street Journal, Fortune Magazine, etc. The articles must be recent, i.e. published within three months, and related to the content of the course. We will have at most one article per lecture and each student can choose to bring in at most one article.

- Please contact the instructor for approval at least two days before the lecture. The class will spend the first 10 minutes of the lecture reading and discussing the article. The student who brings in the article should prepare one or two questions to facilitate discussion.
- Please *summarize, analyze and critique* the article in a 1 page write-up. Merely re-stating what is in the article will not suffice. Your paper should be well-written and should reflect your knowledge of the issue at hand. The analysis should be maximum two pages (12 point font, double spaced, 1 inch margins).

Students will be graded based on the relevance of the articles, quality of question(s), and the write-up.

Class Participation:

Class Participation will be based on attendance, contribution to class discussions, and responses to questions asked in class. Class preparation and participation is an absolute must. Without these, your own learning and that of your classmates will be adversely affected. If you are not present, you cannot participate. Both quality and quantity of participation count. The quality of comments will be judged by relevance, insight, and if it moved the discussion forward. To receive a high grade in participation, your participation must be frequent and of high quality making substantive contributions to our discussion. Simply being present does not warrant full credit, nor does frequent participation that does not advance the learning of the class. I expect all students to spend a couple of hours before every class completing the required readings and cases, and review of specific questions and concerns relating to the case.

OTHER COURSE POLICIES:

Group management: Each member is expected to contribute to the assignments. Please allocate work and set early deadlines to avoid free rider situations. Please voice significant concerns regarding group member contributions early on, not at the end of the semester. A lack of contribution to the assignments or project can result in 0 points on the assignment.

Laptops

I would like to allow you to use your laptops in class for note-taking. However in return I ask that you turn off instant messaging, chatting, email and browsing features during the class period. *No email, surfing the web, sending text messages, or working on other class*

assignments during class. Please be respectful of me and your fellow classmates and use your laptops and other electronics judiciously.

Course Grievance Procedures

The grading policy of this course is not open to negotiation. However, if you feel that a grade you received is unfair, you are required to either voice your opinion to me personally within ten days of receiving the grade or give me a written appeal as to why you think the grade is unfair. Just stating that you 'deserve' a higher grade won't be sufficient. You should document reasons why you think the grade is unjustified. After *ten days*, the grade is considered final. Please note that the entire document will be checked for grading errors, and correcting these could either raise or lower the overall score.

Office Hours

Please take advantage of my office hours. Feel free to stop by to discuss topics discussed in class, career choices, or just to introduce yourself and chat. If you are not on campus during my office hours you are welcome to send me an email and set up an appointment. Please don't wait till the end of the semester if you are having problems in the class or outside, that may be preventing you from coming to class or paying attention. I encourage anyone with comments/questions on the course content or discussions to discuss it with me via email or phone or during office hours. There will be a mid-course evaluation whose results I will present in class.

SCHOOL/UNIVERSITY POLICIES:

Academic dishonesty

The code of academic integrity applies to all courses in the George Washington School of Business. Please become familiar with the code found at: <http://www.gwu.edu/~ntegrity/code.html> Please note that any student using materials from a previous semester or discussing a case study with someone who has previously discussed the case in this or any other course, or any student with knowledge of others doing so but not reporting it, will receive an F in the assignment.

Disability Support Services (DSS)

Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in the Rome Hall, Suite 102, to establish eligibility and to coordinate reasonable accommodations. For additional information please refer to: gwired.gwu.edu/dss/

Mental Health Services 202-994-5300

The University's Mental Health Services offers 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include: crisis and emergency mental health consultations confidential assessment, counseling services (individual and small group), and referrals. counselingcenter.gwu.edu/

TENTATIVE SCHEDULE (Please see BB for exact schedule and reading lists)

Day	Date
1/16/2018	International Financial Environment
1/18/2018	Balance of Payments
1/23/2018	Spot Market
1/25/2018	Forward Market
1/30/2018	International Parity Conditions
2/1/2018	International Parity Conditions
2/6/2018	Futures
2/8/2018	Futures, <i>In class Quiz 1</i>
2/13/2018	Options
2/15/2018	Options
2/20/2018	Transaction Exposure
2/22/2018	Transaction Exposure
2/27/2018	Catch up and Review
3/1/2018	EXAM 1
3/6/2018	Translation Exposure
3/8/2018	Translation Exposure
3/13/2018	Spring Break
3/15/2018	Spring Break
3/20/2018	Economic Exposure
3/22/2018	Capital Markets
3/27/2018	Capital Markets
3/29/2018	Swaps
4/3/2018	Swaps
4/5/2018	Portfolio Investment, <i>In class Quiz 2</i>
4/10/2018	Portfolio Investment
4/12/2018	Capital Budgeting
4/17/2018	Capital Budgeting
4/19/2018	Cross border M&A
4/24/2018	Cross border M&A
4/26/2018	Catch up and Review
TBD	Final Exam