**International Finance: Markets, Institutions and Policies**

**Professor: Rhee, Yeongseop**

**Class Hours: Tuesday 09:00 – 12:00**

**Office hours: Tuesday 2:00-3:30 or by appointment**

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**1. COURSE DESCRIPTION**

This is an introductory course on the international finance. It is designed to provide the basic knowledge of international financial markets, institutions and policies as a backdrop of international commerce in a highly globalized and integrated world economy.

There are so many topics covered in the international finance, which can be categorized into three groups. The first focuses on prices in international financial markets and examines how prices are determined, how various market prices are related, how prices change over time, etc. The second deals with private individuals’ and financial managers’ decision making and analyzes how their strategies and actions are made to achieve their own goals using the information collected in the markets. The last one is policy issues for the public sector, which includes direct intervention in the markets and regulation of financial markets. The public policy issues will be only slightly covered in this course.

**2. COURSE FORMAT**

This course will combine regular lectures with individual or group presentations by students (and maybe experts will be invited for special lectures). For the first half of each class, a lecture on basic concepts and related issues of the class schedule will be provided. For the remaining hours, students are expected to make presentation on the recent trend of the markets or variables covered in the class. The presentation is expected to address a basic description of the trend, what’s new and interesting, and their own interpretation of policy implications. Each week students are required to read a chapter shown on the class schedule below and course materials assigned for the class. Also they are required to submit a report on a material including a summary and their own interpretation and comments.

**3. TEXTBOOKS and COURSE MATERIALS**

The first one will mainly be used for the course but others also used when necessary.

* Eun, C.S. and Resnick, B.G. (2008), International Financial Management (Irwin/McGraw-Hill Series in Finance, Insurance and Real Estate)
* Levich, R.M. (2001), International Financial Markets: Prices and Policies (McGraw-Hill/Irwin Series in Finance, Insurance & Real Estate)
* Solnik, B.H. and D.W. McLeavey (2008), Global Investments (Addison-Wesley Series in Finance)
* Krugman, P. and M. Obstfeld (2008), International Economics: Theory and Practice (Addison-Wesley)
* IMF, Global Financial Stability Report (various issues)
* IMF, Annual Report (various issues)
* BIS, Annual Report (various issues)

Course materials will be posted on the website before class begins.

**4. EVALUATION**

* Class attendance and participation: 10%
* Presentation and weekly reports: 30%
* Final exam: 60%

**5. CLASS SCHEDULE**

Week 1: Introduction

Week 2: Balance of Payments

- Krugman and Obstfeld Ch.12; Eun and Resnick Ch.3

Week 3: Foreign Exchange Markets

- Eun and Resnick Ch.4

Week 4: International Parity Conditions

- Eun and Resnick Ch.5; Levich Ch.4 and Ch.5

Week 5: International Money Market

- Eun and Resnick Ch.6

Week 6: International Capital Market

- Eun and Resnick Ch.7 and Ch.8

Week 7: Special Lecture

Week 8: Futures

- Eun and Resnick Ch.9; Levich Ch.11; Solnik and McLeavey Ch.12

Week 9: Options

- Eun and Resnick Ch.9; Levich Ch.12; Solnik and McLeavey Ch.13

Week 10: Swaps

- Eun and Resnick Ch.10; Levich Ch.13; Solnik and McLeavey Ch.11

Week 11: International Portfolio Management

- Eun and Resnick Ch.11; Solnik and McLeavey Ch.3; Levich Ch.14-Ch.15

Week 12: Measuring Foreign Exchange Risk

- Eun and Resnick Ch.12-Ch14; Solnik and McLeavey Ch.11 ; Levich Ch.16

Week 13: Management of Foreign Exchange Risk

- Eun and Resnick Ch.12-Ch.14; Solnik and McLeavey Ch.11; Levich Ch.16

Week 14: Course Review

Week 15: Final Exam