**8751.515 Workshop in International Commerce 1**

**(International Finance: Markets, Institutions and Policy)**

**Lecturer: Yeongseop Rhee (**[**ysrhee97@gmail.com**](mailto:ysrhee97@gmail.com)**)**

**Class Hours: Tuesday 14:30 – 17:30**

**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 policy 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. Within three days after presentation, they should submit a report including a basic description of the trend, what’s new and interesting, and their own interpretation of recent changes. 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 of and their own interpretation and comments on the material.

**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), International Investments (The Addison-Wesley Series in Finance)
* Krugman, P. and M. Obstfeld (2008), International Economics: Theory and Practice (Addison Wesley)
* IMF (various issues), Global Financial Stability Report
* IMF (2009), Annual Report 2008
* BIS (2009), Annual Report 2008

Course materials will be posted in the website before a class begins.

**4. EVALUATION**

* Class attendance and participation: 30%
* Presentation and weekly report: 30%
* Final exam: 40%

**5. CLASS SCHEDULE**

Week 1: Introduction

Week 2: International Monetary System

- Eun and Resnick Ch.2; Levich Ch.2

Week 3: Balance of Payments

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

Week 4: Foreign Exchange Markets

- Eun and Resnick Ch.4

Week 5: International Parity Conditions

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

Week 6: International Money Market

- Eun and Resnick Ch.6

Week 7: International Capital Market

- Eun and Resnick Ch.7 and Ch.8

Week 8: Special Lecture

Week 9: Futures

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

Week 10: Options

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

Week 11: Swaps

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

Week 12: International Bond Portfolios

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

Week 13: International Equity Portfolios

- Eun and Resnick Ch.11; Solnik and McLeavey Ch.3 and Ch.5; Levich Ch.15

Week 14: Course Review

Week 15: Final Exam