

# Macau Polytechnic Institute

## School of Business

### Bachelor of Accounting

#### Module Outline

Academic Year 2020 / 2021

Semester 1

<b>Learning Module</b>	International Finance	<b>Class Code</b>	ECON3120-311		
<b>Pre-requisite(s)</b>	Nil				
<b>Medium of Instruction</b>	English	<b>Credit</b>	3		
<b>Lecture Hours</b>	45 hrs	<b>Lab/Practice Hours</b>	N/A	<b>Total Hours</b>	45 hrs
<b>Instructor</b>	Dr. Aaron JIANG		<b>E-mail</b>	jiangjun@ipm.edu.mo	
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#### **Description**

This course introduces the background on international financial markets. Emphasis will be placed on international markets and conditions from a macroeconomics perspective, focusing on external forces that can affect the value of an MNC (multi-national corporation), and from a microeconomic perspective that focus on how the financial management of an MNC can affect its value. Topics include: Economic exposure to “exchange risk”; hedging and speculation; Eurocurrency; Eurobonds and international equity markets; international banking.

#### **Learning Outcomes (CILOs)**

Upon completion of this course, students should be able to:

<i>No.</i>	<i>CILOs</i>
1.	Identify the current multinational challenges and the global financial environment;
2.	Analyze the international flow of funds;
3.	Apply international parity theories to forecast foreign exchange rates;
4.	Utilize such foreign currency derivatives as futures, forward, options and swaps to evaluate hedging and speculation scenarios.
5.	Determine foreign exchange exposures, such as transaction exposure, translation exposure and operating exposure.
6.	Manipulate the strategies to finance the global firms.

### **Alignment of Program and Course Intended Learning Outcomes**

CILO	1	2	3	4	5	6
PILO						
1. Integrate the contemporary theories, principles of accounting and business disciplines relevant to general business practice.						
2. Assess general business scenarios with mathematical and statistical skills.						
3. Apply critical thinking and logical analysis skills and techniques to solve business problems.	√	√	√	√	√	√
4. Interpret and analyze accounting information for internal control, planning, performance evaluation, and coordination to continuously improve business process.						
5. Apply accounting or business software for business analysis.						
6. Develop queries to assess management information from database to improve efficiency and effectiveness.	√	√	√	√	√	√
7. Synthesize the latest requirement of international accounting and auditing standards in preparing financial statements and auditing reports.						
8. Utilize appropriate written and spoken forms to communicate effectively with stakeholders in various cultural environments.						
9. Recommend an appropriate course of action by ethically examining the economic, environmental, political, legal and regulatory contexts of global business practice.	√	√	√	√	√	√
10. Utilize the latest empirical findings and academic studies to support the recommendation of business projects.	√	√	√	√	√	√

## Content

<i>Description</i>	<i>Duration</i>
<b>Topic 1: Globalization and Multinational Firm</b> 1.1 Goals for International Financial Management 1.2 Globalization of the World Economy 1.3 Major Trends and Developments 1.4 Multinational Corporations	2 hrs
<b>Topic 2: International Monetary System</b> 2.1 Evolution of the International Monetary System 2.2 The Current Exchange Rate Arrangements 2.3 European Monetary System and Financial Crisis	3 hrs
<b>Topic 3: Balance of Payments</b> 3.1 Balance-of-Payments Accounts 3.2 Balance-of-Payments Trends in Major Countries	3 hrs
<b>Topic 4: The Markets for Foreign Exchange</b> 4.1 Function and Structure of the FX Market 4.2 The Spot Market 4.3 The Forward Market	3 hrs
<b>Topic 5: International Parity Relationships</b> 5.1 Interest Rate Parity 5.2 Purchasing Power Parity 5.3 Fisher Effects	6 hrs
<b>Midterm (Topics 1-4)</b>	<b>3 hrs</b>
<b>Topic 6: Futures and Options on Foreign Exchange</b> 6.1 Futures Contracts: Preliminaries 6.2 Currency Futures Markets 6.3 Options Contract: Preliminaries 6.4 Currency Options Markets 6.5 Currency Futures Options 6.6 Basic Option-Pricing Relationships	6 hrs
<b>Topic 7: Management of Transaction Exposure</b> 7.1 Three Types of Exposure 7.2 Forward Market Hedge 7.3 Money Market Hedge 7.4 Options Market Hedge 7.5 Hedging Foreign Currency Payables	4 hrs
<b>Topic 8: Management of Economic Exposure</b> 8.1 How to Measure Economic Exposure 8.2 Operating Exposure: Definition, Illustration, and Determinations 8.3 Managing Operating Exposure	4 hrs
<b>Topic 9: Management of Translation Exposure</b> 9.1 Translation Methods 9.2 Management of Translation Exposure	4 hrs
<b>Topic 10: International Capital Structure and the Cost of Capital</b> 10.1 Cost of Capital in Segmented versus Integrated Markets 10.2 Capital Asset Pricing Under Cross-Listing 10.3 The Financial Structure of Subsidiaries	4 hrs
<b>Final Exam (Topic 5-10)</b>	<b>3 hrs</b>
<b>Total</b>	<b>45 hrs.</b>

## **Teaching Method**

### **Teaching and Learning Activities (TLAs)**

This subject adopts a progressive interactive learning approach of teaching students to actively learn the necessary knowledge, skills and techniques and to apply them in such simplified scenarios as written problems and exercises.

TLA1: Interactive lectures

TLA2: In-class Discussion Exercises and quizzes

TLA3: Assignments & case studies

In order to achieve the outcomes of this course, students are expected to perform the following learning tasks:

- Reading and prepare assigned material before class
- Review and work on exercises after class to evaluate understanding
- Attend seminars and meetings that helps to expand the knowledge horizon
- Prepare for test and final exam
- Seek advice from instructor for difficulties encountered
- Form study group to learn and practice skills

<b>CILO No.</b>	<b><i>TLAs are primarily designed to assist students' understanding and learning of the topics covered and the practical application</i></b>
CILOS 1-6	TLA1: Interactive lectures <ul style="list-style-type: none"><li>• Lectures: in-depth coverage of advanced financial accounting is presented with PowerPoint slides and other additional illustration materials if necessary</li><li>• Q &amp; As: time allowed to raise questions from both sides (instructor and students)</li></ul>
CILOS 1-6	TLA2: In-class Discussion Exercises and quizzes <ul style="list-style-type: none"><li>• In-class exercises will be discussed at the end of each lecture to ensure student understanding of the issues.</li><li>• Quizzes: students will take quizzes to motivate them to review what they have learned</li></ul>
CILOS 1-6	TLA3: Assignments and case studies <ul style="list-style-type: none"><li>• Students are required to complete assigned problems or case studies analysis. They may be selected to comment on their submitted solution. No late submission will be accepted.</li></ul>

## **Attendance**

Attendance during the course must meet the attendance requirements as stated in the “Academic Regulations Governing Bachelor’s Degree Programmes of Macao Polytechnic Institute”. Students who have less than the required attendance for the enrolled subject are not eligible to attend the final or re-sit examinations and will be given an “F” as their final grade.

## **Plagiarism Policy**

When a student submits an assignment, he has a duty to ensure that his assignment has been checked by *Turnitin* software, and the similarity score given by *Turnitin* software cannot be higher than 30%. However, a special case can be determined by the instructor.

## **Assessment**

<i>CILOs</i>	<i>Type of Assessment</i>	<i>Weighting Percentage</i>	<i>Remarks</i>
CILOs 1-6	Assignments & Participation	25%	Progressive assessment
CILOs 1-6	Mid-term Test	25%	Summative assessment
CILOs 1-6	Final Exam	50%	Summative assessment
	Total	100%	

## **Teaching Materials**

### **Textbook**

Eun and Resnick (2018), **International Financial Management**, 8<sup>th</sup> edition. McGraw Hill.

## **References**

- (1) Geert Bekaert and Robert Hodrick (2017), **International Financial Management**, 3<sup>rd</sup> edition, Cambridge University Press.
- (2) Jeff Madura (2017), **International Financial Management**, 13<sup>th</sup> edition, South-Western College Pub.
- (3) Michael H. Moffett, Arthur I. Stonehill, and David E. Eiteman (2017), **Fundamental of Multinational Finance**, 6<sup>th</sup> ed. edition, Pearson.
- (4) Paul R. Krugman, Maurice Obstfeld, and Marc Melitz (2014), **International Finance: Theory and Policy**, 10<sup>th</sup> edition, Pearson.

## **Websites**

<https://www.wsj.com> (華爾街日報)

<http://www.bloomberg.com> (彭博商業週刊)

<http://www.ft.com> (金融時報)