

MACQUARIE UNIVERSITY  
DIVISION OF ECONOMIC AND FINANCIAL STUDIES

**ECON360 INTERNATIONAL FINANCE  
2003**

**Unit Outline, Assessment, Textbooks and Lecturing Arrangements**

**A. Outline**

**Part I: International Financial Markets, Models and Parity Conditions**

- Chapter 1: International Currency Markets
- Chapter 2: Interest Rate Parity, Arbitrage
- Chapter 3: Effective Exchange Rates and Purchasing Power Parity
- Chapter 4: Models of Exchange Rate Determination

**Part II: Foreign Currency Derivatives**

- Chapter 5: Currency Swaps
- Chapter 6: Foreign Currency Futures
- Chapter 7: Foreign Currency Options

**Part III: Foreign Exchange Risk Measurement and Management**

- Chapter 8: Foreign Currency, Country and Political Risks
- Chapter 9: Management of Foreign Currency Risk Exposure
- Chapter 10: Value-at-Risk Management Models
- Chapter 11: Forecasting Foreign Exchange Rates

**Part IV: Foreign Investment Projects and Risk**

- Chapter 12: International Capital Budgeting and Real Options
- Chapter 13: International Taxation and Investments

**B. Assessment**

Students are assessed on the basis of

- an **Essay** (2000 word-limit) which is worth 20% of final assessment. The firm due date is 15. 10. 2003
- a **final examination**. The final examination consists of 60 multiple-choice questions and one essay-type question (out of three) each consisting of part a) and b). The weight of the multiple choice part of the final is 2/3 and that of the essay-type question 1/3.

Exercises will accompany the lecture; they are to be done outside class time.

### C. Textbooks

The course material will be supported by the following textbooks:

- D.J. Jüttner, 2000, *International Finance and Global Investments*, 4<sup>th</sup> ed., Addison Wesley Longman Australia, Melbourne.
- A. C.Shapiro, 2003, *Multinational Financial Management*, 7<sup>th</sup> ed., John Wiley.

Chapters / Weeks	Topics	Textbooks Chapters :
		<b>DJJ:</b> D. J. Jüttner, <i>op.cit.</i> <b>ACS:</b> A.C. Shapiro, <i>op.cit.</i>
1 W1	International Currency Markets	DJJ: Ch2; ACS: Ch17
2 W1, 2	Interest Rate Parity, Arbitrage	DJJ: Ch3; ACS: Ch4
3 W3	Effective Exchange Rates and Purchasing Power Parity	DJJ: Ch3; ACS: Ch4
4 W4	Models of Exchange Rate Determination	DJJ: Ch21
5 W5	Currency Swaps	DJJ: Ch210; ACS: Ch9
6 W5	Foreign Currency Futures	DJJ: Ch16; ACS: Ch8
7 W6	Foreign Currency Options	DJJ: Special Notes; ACS: Ch8
8 W7	Foreign Currency, Country and Political Risks	DJJ: Ch13; ACS: Chs 9 and 17A
9 W8	Management of Foreign Currency Risk Exposure	DJJ: Ch14; ACS: Chs10 and11
10 W9	Value-at-Risk Management Models	DJJ: Ch15
11 W10	Forecasting Foreign Exchange Rates	DJJ: Ch22; ACS: Ch4.7
12 W11 W12	International Capital Budgeting and Real Options	DJJ: Ch25; ACS: Chs 14 and 17
13 W13	International Taxation and Investments	DJJ: Ch23

#### Other relevant textbooks:

Click, R.W. and J.D. Coval, 2001, *The Theory and Practice of International Financial Management*, Prentice Hall, Upper Saddle River.

Madura, J. 2000, *International Financial Management*, 6th edition South-Western Publishing, New York.

Solnik, B., 1999, *International Investments*, 4<sup>th</sup> ed. Addison Wesley, Reading, Mass.

Cheol, E. and B Resnick, 2000, *International Financial Management*, McGraw-Hill, 2<sup>nd</sup> ed. Boston,

Sercu, P. and R. Uppal, 1995 *International Financial Markets and the Firm*, Southwestern, Cincinnati.

Eiteman, D., Stonehill, A. and M. Moffett, 1998, *Multinational Business Finance*, Addison Wesley, 8<sup>th</sup> edition, Reading.

#### **D. Lecturing Arrangements**

Dr Kim Hawtry:	Chapters 1 – 6
Professor DJ Jüttner	Chapters 7 – 13

**All relevant general course material will be placed on the Internet:**  
[www.econ.mq.edu.au/courses/econ360/index.htm](http://www.econ.mq.edu.au/courses/econ360/index.htm)

**Notes for the lectures by Professor Jüttner may be downloaded at:**  
[www.econ.mq.edu.au/courses/econ867/](http://www.econ.mq.edu.au/courses/econ867/)

**Access to downloadable course material is restricted to students enrolled in the unit.**