

**MACQUARIE UNIVERSITY**

**Division of Economic and Financial Studies**



**UNIT OUTLINE**  
**2003 Second Semester**

**ECON 867**  
**INTERNATIONAL FINANCIAL MANAGEMENT**  
**EVENING MODE**

**Dr. Ronald D. Ripple**  
**Lecturer-in-charge**  
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# ECON867

## International Financial Management

### Course Overview

The focus of ECON867 is to provide the student with a thorough introduction to the analytical tools required for a financial manager to operate in the international business environment. This includes developing a full understanding of the foreign exchange market and its operation; the relationships between exchange rates, interest rates, and price levels; the financial instruments that facilitate the conduct of international corporate activity, including currency risk management; and how international corporations make financing and investment decisions.

### Teaching Program

ECON867 is being offered in both day and evening modes.

**This unit outline applies to the evening mode unit only.**

Lecturer	Class Location	Class Time	Contact	Consultation Times
Dr. Ronald D. Ripple	W5C 320	Wednesday: 6pm-9pm	Office: C5C 364 Phone: 9850 7063 Email: rripple@efs.mq.edu.au	Tuesday: 10am-noon Wednesday: 2pm-4pm

The class sessions will be conducted primarily as lectures, with practical examples and problems introduced where appropriate.

The text for this class is:

Moosa, Imad A., (reprinted 1999) *International Finance: An Analytical Approach*, Irwin/McGraw-Hill, Sydney.

Set chapters for each topic's lecture are drawn from this text and identified in the lecture topic table below. We will cover roughly a topic a week. Students should read these chapters prior to the lecture, so that they are familiar with the material to be covered. This should greatly enhance your learning experience.

Other reference texts addressing international financial management topics may be found in the library. A couple such references are:

Juttner, Johannes D., (1998) *International Finance and Global Investment*, 4<sup>th</sup> edition, Longman, Sydney.

Shapiro, Alan C., (2003) *Multinational Financial Management*, 7<sup>th</sup> edition, John Wiley & Sons, Inc., New York.

Eun, Cheol S. and Bruce G. Resnick, (2004) *International Financial Management*, 3<sup>rd</sup> edition, McGraw-Hill/Irwin, New York.

## Course Calendar

Topic No.	Topic	Chapters
1	Introduction	1
2	Foreign Exchange Market, Balance of Payments, Effective Exchange rate	2 & 3
3	International Monetary System and the Eurocurrency Market	5 & 8
4	Exchange Rate Determination and Purchasing Power Parity	4 & 9
5	Covered Interest Parity, Market Efficiency, Uncovered Interest Parity	10 & 11
6	Exchange Rate Forecasting	13
7	Currency Futures and Swaps	6
8	Currency Options	7
9	Foreign Exchange Risk and FX Risk Management	14 & 15
10	International Short-term Financing and Investment	16 & 17
11	International Long-term Financing and Investment	18 & 19
12	Foreign Direct Investment	20

## Important Dates for the Semester

**There will be NO CLASS during Week 5, 27 August.** I have to be out of the country for a conference. To make up for the lost class, we will extend the class time Weeks 2, 3, 4, 6, 7, and 8 by half an hour. Therefore, for those six weeks we will meet from 6pm-9:30pm.

Mid-semester break is over the period of 27 September – 12 October.

**The examination will be held in Week 13, in our usual classroom, 5 November.**

## Course Assessment

Assessment will be based on a semester assignment and an examination, with the following weights:

Assignment	20%
Examination	80%

**The Assignment is to be submitted by 6pm Friday 26 September.** The assignment is to be submitted to the ECON867 box, for the **evening** class, in ERIC (C5C 244). It must be submitted using the official cover sheet, with the plagiarism declaration signed. You should keep a dated, witnessed copy of your assignment in the case of any mishandling. This is YOUR responsibility.

**The Examination will be held during Week 13.** It will consist of both multiple choice and long-answer questions and will be set over a two-hour duration.

In addition to the assignment and the exam there will be weekly problems assigned, which you are required to solve and submit. You will be required to submit these solutions at the start of each class lecture period. These problem solutions will not be marked, but they will be reviewed for effort.

### **Assignment**

The semester assignment is a 2500 word essay. The details of the essay topic are covered under separate cover.

STUDENT SURNAME: \_\_\_\_\_

**ECON867 SEMESTER ASSIGNMENT COVER SHEET**

(to be attached to the front of your semester assignment)

FULL STUDENT NAME: \_\_\_\_\_

STUDENT NO.: \_\_\_\_\_

ASSESSMENT:                      GOOD                      FAIR                      POOR

Presentation \_\_\_\_\_

Length \_\_\_\_\_

Analysis \_\_\_\_\_

Expression \_\_\_\_\_

Layout \_\_\_\_\_

Marks deducted:	Lateness	_____
	Poor presentation	_____
	No acknowledgments	_____
	Length	_____
	Poor grammar	_____
	No data attached	_____
	No estimates attached	_____

FINAL MARK (out of 100) \_\_\_\_\_

Marker's comment:

## **PLAGIARISM DECLARATION**

Plagiarism involves the use of the work of another person and presenting it as one's own. Any of the following acts constitutes plagiarism unless the source of each quotation or piece of borrowed work is clearly acknowledged:

- copying out part(s) of any document or audiovisual material (including computer-based material);
- using or extracting another person's concepts, experimental results, or conclusions;
- summarising another person's work;
- in an assignment where there was collaborative preparatory work, submitting substantially the same final version of any material as another student

Encouraging or assisting another person to commit plagiarism is a form of improper collusion and may attract the same penalties.

### **STATEMENT TO BE SIGNED BY STUDENT:**

- 1. I have read the description of plagiarism above.**
- 2. In my assignment I have carefully acknowledged the source of any material which is not my own work.**
- 3. I am aware that plagiarism can attract severe academic penalties.**

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Student I.D.)

\_\_\_\_\_  
(Signature)

**THIS PAGE MUST BE COMPLETED  
AND ATTACHED TO THE ASSIGNMENT**