Students in this unit should read this unit outline carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

ABOUT THIS UNIT

The focus of ECON867 is to provide the student with a thorough introduction to the analytical tools required by 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 STAFF AND CONSULTATION TIMES

<table>
<thead>
<tr>
<th>Lecturer</th>
<th>Class Times and Locations</th>
<th>Office Hours:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Massimiliano Tani</td>
<td>Thu 11:00-14:00 E7B T3</td>
<td>E4A 442: Thursday 15:00-17:00</td>
</tr>
<tr>
<td>Office: E4A 442</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone: 9850 8499 <a href="mailto:max.tani@mq.edu.au">max.tani@mq.edu.au</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr. Dejan Radanovic</td>
<td>Wed 18:00 – 21:00 E6A 131</td>
<td>By appt. only</td>
</tr>
<tr>
<td>Office: E4A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone: <a href="mailto:Radanovic.dejan@gmail.com">Radanovic.dejan@gmail.com</a></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

You are encouraged to seek help at a time that is convenient to you from a staff member teaching on this unit during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Staff will not conduct any consultations by email. You may, however, phone staff during their consultation hours.
In order to gain access to staff located at levels 1, 2 and 3 of building E4A during their consultation hours please ring the staff member from the phones available in the lobby (phone numbers of relevant staff members will be provided on Blackboard and are available next to the phones).

Students experiencing significant difficulties with any topic in the unit must seek assistance immediately.

**Classes**

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

**Required and Recommended Texts and/or Materials**

The text for this class is:

Eiteman, David; Stonehill, Arthur; Moffett, Michael (2010) – ‘ES’
Multinational Business Finance, 12th Edition
Pearson Addison Wesley Inc., Boston.

Set chapters for each topic’s lecture are drawn from this text and identified in the lecture topic table below. Students should read these chapters prior to the lecture, so that they are familiar with the material to be covered. This will greatly enhance your learning experience. An additional resource is the textbook webpage that contains solutions for selected end-of-chapter problems, internet exercises, a glossary and other additional information. This site may be accessed at http://www.aw-bc.com/eiteman.

Three other text that will be used, and which may be found in the library is:

- Berk, Johathan and DeMarzo, Peter (2011) – ‘B’
  Corporate Finance, Pearson, 2nd edition

The textbook can be purchased from the Macquarie University Co-op Bookshop. Copy of the textbook and the other texts are available in the Macquarie Library.
<table>
<thead>
<tr>
<th>Week No.</th>
<th>Date</th>
<th>Topic</th>
<th>Chapters</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4/5 August</td>
<td>Comparative Corporate Governance and Financial Goals + Revision (covered in Berk and DeMarzo Chapters 1, 2, 3)</td>
<td>ES: 1, 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>B: 1, 2, 3</td>
</tr>
<tr>
<td>2</td>
<td>11/12 August</td>
<td>The Foreign Exchange Market International Monetary System The Balance of Payments</td>
<td>ES: 3, 4, 6</td>
</tr>
<tr>
<td>3</td>
<td>18/19 August</td>
<td>International Parity Conditions Foreign Exchange Determination and Forecasting</td>
<td>ES: 7, 10</td>
</tr>
<tr>
<td>4</td>
<td>25/26 August</td>
<td>Valuation of Financial Options Foreign Currency Derivatives</td>
<td>ES: 8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>B: 20-21</td>
</tr>
<tr>
<td>5</td>
<td>1/2 September</td>
<td>Valuation of Financial Options Foreign Currency Derivatives</td>
<td>ES: 8</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>B: 20-21</td>
</tr>
<tr>
<td>6</td>
<td>8/9 September</td>
<td>Students’ discussions/solutions/revisions</td>
<td>-----------</td>
</tr>
<tr>
<td>7</td>
<td>15/16 September</td>
<td>Mid-semester test (one hour duration)</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>6/7 October</td>
<td>Transaction Exposure Operating Exposure</td>
<td>ES: 11, 12</td>
</tr>
<tr>
<td>9</td>
<td>13/14 October</td>
<td>Valuing Bonds Valuing Stocks</td>
<td>B: 8, 9</td>
</tr>
<tr>
<td>10</td>
<td>20/21 October</td>
<td>Capital Markets and the Pricing of Risk</td>
<td>ES: 14</td>
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<td></td>
<td></td>
<td></td>
<td>B: 14</td>
</tr>
<tr>
<td>11</td>
<td>27/28 October</td>
<td>Optimal Portfolio Choice The Capital Asset Pricing Model</td>
<td>B: 10, 11</td>
</tr>
<tr>
<td>12</td>
<td>3/4 November</td>
<td>Capital Structure</td>
<td>ES: 9</td>
</tr>
<tr>
<td>13</td>
<td>10/11 November</td>
<td>Global cost and availability of capital International portfolio theory and diversification</td>
<td>ES: 17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>B: 11, 12</td>
</tr>
</tbody>
</table>

**IMPORTANT DATES**

Early-semester test: **Week 4** (to be held in the lecture room).
Mid-semester test: **Week 7** (to be held in the lecture room).
Mid-semester break: **20 September – 1 October**
Assignment is due: **12 November** (hardcopies to be submitted to boxes provided in BESS or handed in class)
Final exam: **Sometime between November 17 and December 3** will be announced when the official university examination timetable becomes available.
ASSESSMENT

Assessment will be based on tutorial questions, a semester assignment, a mid-semester test and an examination, with the following weights:

- Tutorial problems: 5%
- Group assignment: 15%
- Mid-semester test (25 MC): 20%
- Examination: 60%

• TUTORIAL PROBLEMS
  Points will be awarded only for handing in solutions to tutorial problems within two weeks from the relevant tutorial. The 5% is allocated based on the formula: (tutorial solutions handed in/11)*5%. You have two weeks following the topic’s week to hand in your solutions.

• MID-SEMESTER TEST
  The mid-semester test will be a multiple choice quiz of one hour duration. It will contain 25 multiple choice questions and cover everything taught up to and including Week 5 “Foreign Currency Derivatives”.

• GROUP ASSIGNMENT - NO LATE SUBMISSIONS WILL BE ACCEPTED!
  The topic (max. 2,500 words) will be posted on blackboard, along with some reference literature. The assignment is to be submitted by November 12 to the ECON867 boxes in BESS (E4B) or handed in after the lecture.

  The essay must be submitted using the official cover sheet, with the plagiarism declaration (available on the unit homepage) signed. It is your responsibility to keep a dated, witnessed copy of your assignment in the case of any mishandling.

• FINAL EXAM
  It will consist of both multiple choice and questions and will be set over a two-hour duration.

You should take the time to work on the problem sets, since they will tend to be similar in nature to the problems you see on the test and exam. Solutions will be provided for the assigned selected questions.

UNIT WEB PAGE

• Course material is available on the learning management system (Blackboard)
• There is no web page for this unit
LEARNING OUTCOMES AND GRADUATE CAPABILITIES

The globalization of financial markets offers opportunities but it also introduces new risks. As a response, novel investment techniques and market as well as credit risk management models have been introduced or are in the development stage. This unit will help you manage, and keep abreast of, changes which will accompany you in your future professional career.

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop the capabilities the University's graduates will need to develop to address the challenges, and to be effective, engaged participants in their world.

This unit contributes to this by developing the following graduate capabilities:

1. Discipline Specific Knowledge and Skills*
2. Critical, Analytical and Integrative Thinking*
3. Problem Solving and Research Capability*
4. Creative and Innovative
5. Effective Communication*
6. Engaged and Ethical Local and Global citizens
7. Socially and Environmentally Active and Responsible
8. Capable of Professional and Personal Judgement and Initiative*
9. Commitment to Continuous Learning

TEACHING AND LEARNING STRATEGY

Each lecture is self-contained and structured according to the summary provided in the “Course structure and topics” section above. Students are expected to read the relevant chapters prior to the lecture, so that they are familiar with the material to be covered. This will greatly enhance your learning experience.

Dealing with advanced material in our subject area requires a range of generic skills. This unit aims at developing such skills. The lectures and in particular the assignment are tailored to enhance critical analysis, problem-solving and creative thinking, comprehension, computing and writing skills.

Class discussions promote verbal expression while contributions to the Bulletin Board improve your writing skills, which through email serve as an increasingly important communication medium. However, you will only acquire these skills by attending classes, immersing yourself into solving the assignment questions and participating in verbal and written class debates.

RESEARCH AND PRACTICE

This unit gives you opportunities to conduct your own research
<table>
<thead>
<tr>
<th>Due date</th>
<th>Tutorial problems</th>
<th>Assignment</th>
<th>Mid-semester test</th>
<th>Final exam</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Weekly</td>
<td>12 Nov</td>
<td>Week 7</td>
<td>TBA</td>
</tr>
<tr>
<td>% Weighting</td>
<td>5% (total)</td>
<td>15%</td>
<td>20%</td>
<td>60%</td>
</tr>
</tbody>
</table>

| Learning outcomes assessed | 1 | x | x | x | x |
|                            | 2 |   | x |   | x |
|                            | 3 | x | x | x | x |
|                            | 4 |   |   |   |   |
|                            | 5 | x | x |   |   |
|                            | 6 | x | x |   |   |

| Graduate capabilities assessed | 1. a |
|                               | 1.... |
|                               | 2    |
|                               | 3    |
|                               | 4    |
|                               | 5    |

The **group assignment** is to be submitted by **November 12** to the ECON867 boxes in BESS (E4B) or handed in after the lecture. No extension is available. The essay must be submitted using the official cover sheet, with the plagiarism declaration (available on the unit homepage) **signed**. It is your responsibility to keep a dated, witnessed copy of your assignment in the case of any mishandling.

**Attendance**: there is no compulsory attendance requirement for the unit.

**Examinations**: a final examination is included as an assessment task for this unit to provide assurance that:

i) the product belongs to the student and

ii) the student has attained the knowledge and skills tested in the exam.

The 2-hour final examination for this unit will be held during the University Examination period.

The University Examination period in Second Half Year 2010 is from November 17th to December 3rd.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in...
Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations.
http://www.timetables.mq.edu.au/exam

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. The University’s policy on special consideration process is available at
http://www.mq.edu.au/policy/docs/special_consideration/policy.html

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period. (Individual Faculties may wish to signal when the Faculties’ Supplementary Exams are normally scheduled.)

The Macquarie university examination policy details the principles and conduct of examinations at the University. The policy is available at:
http://www.mq.edu.au/policy/docs/examination/policy.htm

**ACADEMIC HONESTY**

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at
http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

**GRADES**

The Academic Senate has a set of guidelines on the distribution of grades across a range from fail to high distinction. Your final result will include one of these grades plus a standardized numerical grade (SNG).

On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of
comparability across the university, and so that students with similar performances compared with past students should achieve similar results.

It is important that you realize that the policy does not require that a minimum number of students be failed in any unit. In fact, it does something like the opposite, requiring examiners to explain their actions if more than 20% of the students fail a unit. The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another student will also receive a higher final scaled mark.


**GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING**

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

http://www.businessandeconomics.mq.edu.au/for/new_and_current_students/undergraduate/admin_central/grade_appeals

**SPECIAL CONSIDERATION**

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at: http://www.mq.edu.au/policy/docs/special_consideration/procedure.html

**STUDENT SUPPORT SERVICES**

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at http://www.student.mq.edu.au.
IT CONDITIONS OF USE

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. Student ID cards must be displayed in the locations provided at all times.

Students are expected to act responsibly when utilising University IT facilities. The following regulations apply to the use of computing facilities and online services:

● Accessing inappropriate web sites or downloading inappropriate material is not permitted. Material that is not related to coursework for approved unit is deemed inappropriate.
● Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice.

Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.