

FINC 5305 Finance for International Business

Fall 20

e-mail: vinay@seattleu.edu

Website: Canvas

Office Hours: Thursday 5:00-6:00

Vinay Datar, Professor of Finance

Pigott 406

(206)296 2801

Optional Text:

Multinational Business Finance by Eiteman, Stonehill and Moffett, 15th edition

Required Cases:

Harvard case packet (on-line, details later).

Supplemental Reading:

Business Week, Economist, Financial Times, Wall Street Journal and other media. Try to spend at least 15 minutes every day reading. Online works quite well.

Why do we care about international finance?

International financial markets are growing at a staggering pace. The worldwide dollar volume of trade in currency markets is well over **five trillion dollars per day; and growing**. This amount is larger than the **annual** gross national product of many countries. Furthermore, global economies and markets are now interlinked as evidenced by recent boom and crisis.

Course Overview:

International trade presents new opportunities and risks, and international finance provides ways to deal with both. We will briefly examine the broad issue of the rationale for International trade and the potential side effects on society. Our primary concern will be with the **fundamentals**. We will learn the analytical aspects of financial instruments; currencies, options, futures and stocks. At the end of the course you will have sufficient tools, terminology and excitement to continue learning on your own!

Conduct of the Course:

Your participation in the class is essential. As we discuss the subject matter I will call on you, quite frequently, to confirm or extend the ideas. I will act more as a moderator than as a lecturer. Our main focus will be on the fundamentals.

This course is interactive and is not geared up for on-line or remote learning. Absentee from class will put a lot of burden on you to catch up and I have no practical way of helping you. Office hours are not meant to be make-up sessions for missed classes. You should make it a point to draw on your study group to make up for any unavoidable absentee events for all aspects including housekeeping details.

The learning process will be enjoyable if you are not afraid of making mistakes. You should not feel compelled to be right every time. As the saying goes, "good judgment comes from experience and experience comes from bad judgment". We will find the time to make sure that any 'puzzles' are resolved. This is a crucial part of the learning process, but I need you to speak up. Each session should be open, enjoyable and stimulating, let's do it as a team.

Cases:

The cases provide you an opportunity to apply your knowledge and intuition in an unstructured environment. Often times there is no 'right' answer: you have to digest large amounts of information, appreciate the polemics, get at the core issues and **debate** the alternatives; mere assertions have questionable educational value. I will provide hints and general guidelines on the cases in class. These **hints** will be somewhat **sketchy on purpose**. I'll not provide any further help on preparation of the cases.

We will work in groups to study and present case analyses; **each group will submit one typed report for each case. The entire class will be responsible for all the aspects of each case.** We will randomly choose different groups to present different aspects of the case. This will be followed by a discussion about the case. The case discussion is a good learning ground to develop an ability to express complex ideas in a simple language; this is important because your knowledge is often useless unless you can express it simply and well.

Exams, homework etc.:

There will be two exams including the final. **There will be no make-up for the exams** in general. Make-up for the exams will be provided under clearly documented extreme hardship per university rules. **Case reports and home works should be on time, late submissions have zero credit.** In addition there will be several '**pop-quizzes**'. There will be no make up for pop-quizzes.

At the end of each class, we will spend about 15 minutes discussing **current issues**. These issues will come from you. Every week you should select an item that interests you (media articles on the internet are acceptable). Please upload a photocopy of the article along with a brief summary and critique; you should keep the original with you.

The exams will be largely in a multiple choice format, this will include problems as well as qualitative materials. The final exam will be cumulative.

Tentative Course Outline, FINC 5305

Date	Topics	Assignments
Sep 10	Introduction and review of basics	
Sep 17	Foreign Exchange Markets	Ch 5 <i>Assignment due: Basics</i> Bring Media-Articles every week
Sep 24	Parity	Ch 6
Oct 1	Currency Options/Futures	Ch 7 <i>GroupProject One Page due</i>
Oct 8	Transaction Exposure Management	Ch 10 <i>Assignment due: Options</i>
Oct 15	Review and Mid-Term	
Oct 22	Firm Valuation Process and Valuation exercise Hints for Simmons, in class	Reading material on Canvas <i>Assignment due: Valuation</i>
Oct 29	Simmons Japan Case Presentation Hints for RJR, in class	<i>Simmons Report due</i>
Nov 12	Group Project	<i>Project Report due</i>

Final on Nov 19 6:00-8:00

The following weighting scheme will be used to compute your grand score.

Peer graded Class Participation	5%
HW Assignments & Quizzes	10%
Cases and Projects	30%
Mid-term.	20%
Final Exam.	35%

Total	100%

Grading Policy:

The learning environment is seriously frustrated by the focus on grades. Every now and then, your class will have students whose primary pre-occupation is with letter grades. For their benefit, I have provided the following information.

As we all know, the exams are not a perfect measure of knowledge. The grades reflect your overall performance as measured by the scheme on the prior page. This is a standard metric for the entire class. The amount of effort you put in or your special needs for a particular letter grade do not allow me to fashion a special customized metric for different individuals.

We will use the following structure for letter grades. The grades will be assigned after the final exams are graded. I have no possible way to assign a course letter grade, or any partial letter grade, before the final exam is completed.

Overall score out of 100 points for the course	Letter grade for the course
96-100	A
91-95	A-
86-90	B+
76-85	B
71-75	B-
66-70	C+
61-65	C
56-60	C-
56 and below	D, E, F

Curving the final exam score: I'll normalize the final-exam scores upward to make the average equal to 50%. If the average on the final-exam is already above the 50% score, I'll be happy to leave the distribution unadjusted. This loads the process in favor of getting a better letter grade.

Academic Integrity

Seattle University is committed to the principle that academic honesty and integrity are important values in the educational process. Academic dishonesty in any form is a serious offense against the academic community. Acts of academic dishonesty will be addressed according to the Seattle University Academic Honesty Policy. The policy can be found at the address below:

<https://www.seattleu.edu/media/redhawk-service-center/registrar/registrar-policies/Academic-Integrity-2011-3.pdf>

If you are not sure whether a particular action is acceptable according to the Academic Honesty Policy, you should check with your instructor before engaging in it.

Disability

If you have, or think you may have, a disability (including an 'invisible disability' such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or accommodations through Disabilities Services staff in the Learning Center, Loyola 100, (206) 296-5740. Disability-based adjustments to course expectations can be arranged only through this process.