# ACU College of Business Administration
## Course Syllabus
## FIN 419 – International Financial Markets
## Spring 2012

Competence
Character
Community



| | | | |
|---|---|---|---|
| **Instructor:** | Jonathan D. Stewart, Ph.D., CFA | **Office:** | BA 158 |
| | Professor of Finance | **ACU Box:** | 29313 |
| **Phone (Work):** | 674-2133 | **Office Hours:** | M 3:30 – 4:30 pm |
| **(Home):** | 672-5075 | | TR 1:30 – 4:30 am |
| **Email:** | jonathan.stewart@coba.acu.edu | | Drop-ins are welcome |
| **Web Address:** | www.stewllenium.com | | |



*"To create a distinctively Christian environment in which*
*excellent teaching, combined with scholarship,*
***promotes the intellectual, personal, and spiritual growth of business students,***
*and educates them for Christian service and leadership*
*throughout the world."*

The COBA Mission Statement

**Course Description:** A study of the different methods of financing international trade including the methods, documents, and institutions used, and an examination of capital investments and international financial markets.

**Class Hours:** MW 2:00 – 3:20 pm **Classroom:** BA 118

**Contribution of Course to Overall Business Perspective:** The purpose of this course is to develop an understanding, positive respect, appreciation, and enjoyment of the role of finance in international business and markets. The course will introduce, define, and develop, the fundamental concepts of international finance. To impress upon students that questions of ethics and honesty arise in virtually every area of finance. High moral standards and behavior will be encouraged in all cases.

**Contribution of Course to Christian Service and Leadership:** Providing Christian service and leadership throughout the world from the perspective of a financial manager requires a solid understanding of how financial markets function in different countries. To be a good steward in a multinational firm requires the financial manager to be both competent and ethical in their work.

*Mathew 28:18-20 "Then Jesus came to them and said, "All authority in heaven and on earth has been given to me. Therefore go and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, and teaching them to obey everything I have commanded you. And surely I am with you always, to the very end of the age.*

*Luke 12:48b "From everyone who has been given much, much will be demanded; and from the one who has been entrusted with much, much more will be asked."*

**Prerequisites:** FIN 310.

**Grading:** Final course grades will be determined on the following scale:

| Course Grade Scale | | | | |
|---|---|---|---|---|
| A = | 100 | - | 90% |
| B = | 89 | - | 80% |
| C = | 79 | - | 70% |
| D = | 69 | - | 60% |
| F = | < 60% | | |

Course grades will be determined by each student's grades on homework, 2 Mid-Term Exams, and the Final Exam.

| | Weight | Exam Coverage |
|---|---|---|
| Mid-term Exam #1 | 20% | Ch. ER 1, 2, 4, 5, |
| Mid-term Exam #2 | 20% | Ch. ER 6 Sund 2, 3, 5 |
| Mid-term Exam #3 | 20% | Ch. Sund 7, 8, 9 ER 7 |
| Final Exam | 20% | Ch. ER 11, 12, 13, 14 |
| Homework & Quizzes | 20% | |

## Course Policies:

***Course Coverage:*** The course will primarily cover the textbook, and material covered in class lectures, including any current material from the *WSJ,* internet, or other sources referenced in class.

***Homework and Quizzes:*** You are responsible for reading any assigned chapters prior to the beginning of the class period. Questions and problems have been assigned for many of the class periods. Periodically, homework problems will be collected at the beginning of class. Late homework will not be accepted. Sometimes there will be a multiple choice quiz over the homework problems, material similar to the homework problems, or podcasts. Missed quizzes will count as a zero and no make-up quizzes will be given. Late quizzes will not be accepted.

***Class Attendance****:* Regular attendance is critical if you wish to do well in this course. If you miss 3 class periods, your course average will be reduced by 10 points. If a student misses class a 4th time, I reserve the right to drop that student from the course. If you leave class early without explaining the circumstances to me, you will be counted absent for that day and will receive a zero for that day's quiz. Official school functions will be excused if appropriate documentation is presented to me in a timely manner. I am not responsible for re-teaching material missed for excused or unexcused absences.

***Academic Dishonesty:*** All COBA Students are expected to abide by the COBA Honor Code (attached)
***http:*****//www.acu.edu/academics/coba/cobahonorcode.html**

Academic dishonesty is a deliberate fraudulent misrepresentation employed in an attempt to gain undeserved intellectual credit either for oneself or another. Academic misconduct differs from academic dishonesty to the extent that intent to defraud is absent. Both academic dishonesty and academic misconduct are serious offenses and appropriate disciplinary action will be pursued in the event that either can be established.

Alternative forms of disciplinary action include:

a. Awarding a grade of "zero" or "F" for the assignment.
b. Suspension or expulsion from the University.

***Make-up Exams:*** No make-up exams will be given. Missed exams will be counted as a zero. The exam dates are provided in this document so arrange your schedule accordingly. If you must miss an exam for some unavoidable and legitimate reason, it is your responsibility to inform me of the circumstances as soon as possible. Failure to do this in a prompt and professional manner will result in an exam grade of zero. No exam grades will be dropped or replaced.

***Exam Length:*** Exams will take the entire class period. Students that have learning disabilities and will need more time on the exams, please notify the instructor during office hours during the first week of class. The final exam will take the entire exam period.

***Classroom Accommodations:*** Classroom accommodations will be made for students with disabilities at the request of the student.

***Classroom Behavior:*** Rude or disruptive behavior, such as habitual tardiness, sleeping, passing notes, or leaving class early, is unacceptable. Students participating in these and other similar behaviors will receive a zero for that day's quiz and in certain cases may be asked to leave the room for the remainder of the period. You may not use laptop or tablet computers during class.

***Primary Student Responsibilities:***

a) To be on time and prepared for each class meeting.
b) To actively participate in class discussion and activities as appropriate.
c) To complete assigned homework problems prior to the beginning of class.
d) To make a reasonable attempt at answering a question before seeking instructor assistance.

## Text and Supplements:

(Required) International Financial Markets, Custom Book, Cheol S. Eun and Bruce Resnick, Rangarajan Sundaram. McGraw-Hill. Available in the ACU Campus Store.

(Required) Texas Instruments BA II PLUS financial calculator (approx. $30). This calculator has been identified as the standard for the ACU College of Business Administration. This is the only calculator that you will be allowed to use during exams. You may not use cell phones, PDAs, or any other type of calculator during the exams. There will be no exceptions to this policy.

(Optional) Wall Street Journal

## Notes:

Friday, April 13 is the last day to withdraw from a course. To drop a course, you must complete the required paperwork with your advisor.

# International Financial Markets
## FIN 419.01
## Spring 2012

| Date | Ch. | Primary Topic | Homework Problems Due |
|---|---|---|---|
| Wed, Jan 18 | Syl | Introduction / Syllabus | |
| Mon, Jan 23 | ER 1 | Current Events in International Financial Markets | Current Event Summary |
| | | Globalization and the Multinational Firm | |
| Wed, Jan 25 | ER 2 | International Monetary System | |
| | ER 4 | Corporate Governance around the World | |
| Mon, Jan 30 | ER 5 | The Market for Foreign Exchange | Ch 2 Internet Exercise 1 on page 57 (use finance.yahoo.com) |
| Wed, Feb 1 | ER 5 | The Market for Foreign Exchange | Chapter 5: Problems 1 - 4 |
| Mon, Feb 6 | ER 5 | The Market for Foreign Exchange | Chapter 5: Problems 5 - 8 |
| ***Wed, Feb 8*** | | ***Exam #1*** | |
| Mon, Feb 13 | ER 6 | International Parity Relationships | Chapter 5: Supplemental problems |
| Wed, Feb 15 | ER 6 | Forecasting Foreign Exchange Rates | |
| Mon, Feb 20 | ER 6 | Forecasting Foreign Exchange Rates | Chapter 6: Problems 1 - 5 |
| Wed, Feb 22 | Sund 2 | Futures Markets | |
| Mon, Feb 27 | Sund 3 | Pricing Futures Contracts | Page 181 Exercises 1, 2, 3, 7, 8, 10, 17, 19, 20 |
| Wed, Feb 29 | Sund 3 | Pricing Futures Contracts | |
| Mon, Mar 5 | Sund 5 | Futures and Risk Management | Page 202 Exercises 1, 2, 3, 4, 5, 6, 7 |
| ***Wed, Mar 7*** | | ***Exam #2*** | |
| Mon, Mar 12 | | No Class - Spring Break | |
| Wed, Mar 14 | | No Class - Spring Break | |
| Mon, Mar 19 | Sund 7 | Options Markets | Page 227 Exercises 1, 2, 3, 8, 9, 10 |
| Wed, Mar 21 | Sund 8 | Options Payoffs and Trading Strategies | Page 245 Exercise 1, 2, 4, 10, 11, 12, 13 |
| Mon, Mar 26 | Sund 9 | No Arbitrage Restrictions on Option Prices | Page 272 Exercise 1, 2, 5, 7, 8, 10, 16, 18 |
| Wed, Mar 28 | | No Class - RISE Conference | |
| Mon, Apr 2 | Slides | Put Call Parity & Black Scholes Option Pricing Model | Page 290 Exercise 2, 4, 5, 9, 10 |
| Wed, Apr 4 | ER 7 | Futures and Options on Foreign Exchange | |
| Mon, Apr 9 | ER 7 | Futures and Options on Foreign Exchange | Page 314 Chapter 7: Problems 1 - 6 |
| ***Wed, Apr 11*** | | ***Exam #3*** | |
| Mon, Apr 16 | ER 11 | International Banking and Money Markets | |
| Wed, Apr 18 | ER 12 | International Bond Markets | Chapter 11: Problems 1 - 5 |
| Mon, Apr 23 | ER 12 & 13 | International Bond and Equity Markets | |
| Wed, Apr 25 | ER 13 | International Equity Markets | Chapter 12: Problems 1 - 3 |
| Mon, Apr 30 | ER 14 | Currency and Interest Rate Swaps | Chapter 13: Problems 1, 2 |
| Wed, May 2 | ER 14 | Currency and Interest Rate Swaps | Chapter 14: Problems 1-5 |
| ***Thu, May 10*** | | **Final Exam**<br>**1:30 - 3:30 p.m. Thursday, May 10** | |