

NATIONAL TAIWAN UNIVERSITY
Department of International Business
International Financial Investments

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Spring 2010
Thursday 9:10 ~ 12:10
02-33664987

COURSE DESCRIPTION

Since the globalization evolved rapidly in recent years, both investors and firms face broader classes of investment opportunities today. Meanwhile, they also suffer the exchange rate risk when they conduct international transactions or foreign investments. In this course, theories to determine the foreign exchange rate will be introduced first, including the effect of the national balance of payments and some parity relationships among the inflation rate, the interest rate, and the exchange rate. Secondly, I will introduce the foreign exchange market and some foreign exchange derivatives. Next, from the viewpoints of multinational enterprises (MNEs), you will learn how to indentify, measure, and manage three kinds of exchange rate risks (transaction, operating, and translation risk), and understand the benefit to establish the optimal capital structure by raising the global equity and international debt. Finally, if the time is enough, we will discuss international portfolio theory and diversification.

TEXT AND READINGS

Required: Multinational Business Finance, by Eiteman, Stonehill, and Moffett, 2010, 12th ed.

PowerPoint: <http://www.management.ntu.edu.tw/~jywang/> → Course Information →

International Financial Investments (graduate level)

OFFICE HOUR

Monday 15:00-17:00

Room 513, Building 2, College of Management

EXAMS AND GRADINGS

Midterm Examination	45% (after Ch7)
Final Examination	45% (in the final exam week regulated by NTU)
Class Participation	10%

COURSE OUTLINE

Part I. Global Financial Environment

1. Globalization and the Multinational Enterprise
2. Financial Goals and Corporate Governance
3. The International Monetary System
4. The Balance of Payments
5. The Global Credit Crisis of 2007-2009

Part II. Foreign Exchange Theory and Markets

6. The Foreign Exchange Markets
7. International Parity Conditions

(Midterm Examination)

8. Foreign Currency Derivatives
9. Interest Rate and Currency Swaps
10. Foreign Exchange Rate Determination of Forecasting

Part IV. Foreign Exchange Exposure

11. Transaction Exposure
12. Operating Exposure
13. Translation Exposure

Part V. Financing the Global Firm

14. The Global Cost and Availability of Capital
15. Sourcing Equity Globally
16. Sourcing Debt Globally

TEACHING ASSISTANT

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