

General Course Information

Instructor: Nikola Gradojevic
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Office Location MacKinnon 734
Office Hours Wed 11:30AM-1:00PM or by appointment
Department/School Department of Economics and Finance

TA's TBA
Email @uoguelph.ca and @uoguelph.ca
Office Location TBA - TA office
Office Hours TBA

Class Schedule: Mon, Wed: 10:00AM-11:20AM in CRSC 116 (**Section 02**)
01:00PM-02:20PM in THRN 1307 (**Section 01**)

Course Description

This course focuses on fundamental principles and issues in the field of international financial management: foreign exchange markets, the operation of fixed and floating exchange rate systems, exchange rate determination and forecasting, short and long-term investment and borrowing decisions, eurocurrency markets, foreign exchange risk management (options, futures, forwards, swaps) and capital budgeting for overseas investment.

The topics will be presented ("PowerPoint-style") in the order of the recommended textbook. Some topics will use mathematical calculations and graphs. The delivery of this course will involve formal lecturing as well as class discussions and student presentations. Students are strongly encouraged to participate and indeed lead the discussions to the extent that they can. In this course, the more interaction, the better the learning experience.

There is a recommended textbook for this course, but it is not mandatory to purchase it. The readings will consist of the lecture notes and occasionally assigned papers or cases. All materials, including lecture notes and assigned readings, will be posted on CourseLink or distributed in class.

Course Learning Outcomes

Knowledge:

- 1. Mathematical methodology:** We will be using simple mathematical techniques for certain topics.

2. **Statistical and Econometric Methodology:** We will be using simple distributions and will be computing descriptive statistics to help us understand the probability of certain future outcomes occurring. Distributions are central in financial risk management.
3. **Understanding of Specific Markets:** This course is devoted to understanding international financial markets in the context of the foreign exchange market, while derivatives markets will be considered as well.
4. **Historical and Global context:** We will investigate the historical performance of global financial markets.
5. **International Financial Management and Risk Analysis:** This is just a summary of what this course is about.

Understanding:

1. **Written Communication:** The country analysis will provide an opportunity for students to provide a written summary of a real-world situation that relates to a major decision taken by an investor or a company.
2. **Oral Communication/Presentation:** The group presentation will provide students with an opportunity to present to the class their summary and evaluation of an international investment opportunity.
3. **Analytical Problem Solving:** Much of the course is about studying and interpreting financial theory and practice and making recommendations for individual investors and companies.
4. **Problem solving in a Real World Context:** All finance topics taught in this course relate to how investors and companies act in the real world.
5. **Group Work:** The country presentation will be done in groups of students.

Indicative Content

Multinational Financial Management: Opportunities and Challenges (Chapter 1)
 The International Monetary System (Chapter 2)
 The Balance of Payments (Chapter 3)
 The Foreign Exchange Market (Chapter 5)
 International Parity Conditions (Chapter 6)
 Foreign Currency Derivatives: Futures and Options (Chapter 7)
 Interest Rate Risk and Swaps (Chapter 8)
 Foreign Exchange Rate Determination and Intervention (Chapter 9)
 Transaction Exposure (Chapter 10)
 Translation Exposure (Chapter 11)
 Operating Exposure (Chapter 12)

Funding the Multinational Firm (Chapter 14)

Foreign Direct Investment and Political Risk (Chapter 17)

Notes: The above class schedule isn't "carved in stone" – it may vary during the term depending on students' progress as well as professor's discretion. All important materials will be covered.

Course Assessment

			Associated Learning Outcomes	Due Date/ location
Assessment 1:	30%	Midterm exam	Numerical and analytical problem solving, understanding principles and concepts, written communication.	02/12/2025
Assessment 2:	30%	Group presentation	Oral communication and presentation, group work, understanding principles and concepts, analytical/empirical problem solving.	During the two weeks before the last week of classes
Assessment 3:	40%	Final exam	Numerical and analytical problem solving, understanding principles and concepts, written communication.	TBA 04/2025
Total	100%			

Midterm exam – Notes:

There will be one midterm exam in this course on **February 12, 2025**, during class time, Location: **TBA**. It will include all the topics covered by the midterm date. Format: in-class, written exam, two numerical problems, one theoretical question.

Final exam – Notes:

The final exam includes all topics covered during the semester and is structured similar to the midterm. Note: The final exam will be held in **April, 2025**, for two hours, Location and time: **TBA**.

Group presentation (“Country Analysis”) – Notes:

Groups will be formed by the students. Each group (maximum 4 group members) will select a country, analyze it and present a report to the class (for 15-20 minutes). Different teams cannot choose the same country. The

instructor is to be notified about group members and the intended topic before February 15, 2025. The presentations will be scheduled during ***the two weeks before the last week of classes***.

This assignment will be a lot more interesting if you choose a developing country or a small, often overlooked, developed country (Luxembourg, for example). The written report is due in-class, prior to the presentation. Reports should be (approximately) 12-15 pages long (line spacing: 1.5; font size: 12 pt; font color: black; paper color: white), including graphics, tables and references. Reports should be structured as described below.

- ❑ Brief History of the Country (2 points): Main events that have affected the country and its economy in the recent past.
- ❑ Economic Overview of the Country (7 points): Discuss the comparative advantages of the country, its main exports and imports, its principal trading partners, the types of foreign investments that are currently being made in it, the actual regulations concerning financial operations and the trend in these regulations, the currency and political risks, and so on. Find the main stock market for this country and compute the return of its main index over the last 10 years.
- ❑ Investment Opportunities (5 points): Which investments, direct or indirect, could be done in this country? Try to be as detailed as possible. Clearly specify which of the country's advantages could be exploited through FDIs. Find stocks you would buy. Is it difficult to buy and sell stocks in that country? What are the constraints? Is information about the local companies easy to find and analyze?
- ❑ References (1 point): For relevant and thorough referencing (research).

Course Resources

Recommended Text:

1. **"Multinational Business Finance, 16/e"** (2022) by Eiteman, Stonehill, and Moffett, Pearson.
 - E-Textbook: \$67.99 CAD

Course Policies

Grading Policies

Unless you have discussed an extension well ahead of the due date with the instructor, late penalties of 5% of the total grade earned per day (including weekends) will be assigned to any assessment (i.e. deducted from the total mark). Extensions will only be granted on the basis of valid medical or personal reasons, and need to be requested via email to the instructor as soon as possible. Late assignments will not be accepted once graded assignments have been returned officially to the class at large, unless circumstances permit and alternative arrangements have been made.

Students who find themselves unable to meet course requirements by the deadlines or the criteria expected because of medical or personal reasons, should review the regulations on academic consideration in the Academic Calendar and discuss their situation with the instructor, program counselor or other academic counselor as appropriate.

Missed Assignments:

A grade of zero will be assigned if you fail to submit an assignment, unless you are ill or have other compassionate reasons. Please read your Graduate Calendar for the regulations regarding illness and compassionate grounds. Please note, vacation travel, moving house, or outside work commitments will not be accepted as valid reasons for missing deadlines.

If you have religious observances which conflict with the course schedule or if you are registered with Student Accessibility Services, please contact the course instructor in order to make arrangements for your assessment if appropriate.

University Policies

Academic Consideration

When you find yourself unable to meet an in-course requirement because of illness or compassionate reasons, please advise the course instructor in writing, with your name, id#, and e-mail contact. See the academic calendar for information on regulations and procedures for Academic Consideration:

<https://www.uoquelp.ca/registrar/calendars/graduate/current/>

Academic Misconduct

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The Academic Misconduct Policy is detailed in the Graduate Calendar:

<https://calendar.uoquelp.ca/graduate-calendar/general-regulations/academic-misconduct/>

Accessibility

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact Student Accessibility Services as soon as possible.

For more information, contact SAS at 519-824-4120 ext. 56208 or email sas@uoquelp.ca or see the website: <https://wellness.uoquelp.ca/accessibility/>

Course Evaluation Information

Please refer to the [Blue by Explorance system](#).

Recording of Materials

Presentations which are made in relation to course work—including lectures—cannot be recorded or copied without the permission of the presenter, whether the instructor, a classmate or guest lecturer. Material recorded with permission is restricted to use for that course unless further permission is granted.

Drop date

The last date to drop one-semester courses, without academic penalty, is **Friday April 4, 2025**. For regulations and procedures for Dropping Courses, see the Academic Calendar:

<https://calendar.uoguelph.ca/graduate-calendar/general-regulations/>