MN5607 – INTERNATIONAL FINANCIAL MANAGEMENT

MODULE TYPE/SEMESTER: Option (20 credits), Semester 1

MODULE CO-ORDINATOR: Dr Jimmy Chen

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AIM:
The module is designed to give students an appreciation of some of the key issues involved in international financial management, from the derivation of exchange rate to the management of currency risk, from the structure of international financial markets to the practical considerations of investing overseas. The module provides students with insights into risk measurement in decision-making and the tools available to manage such risk exposure. Students will also understand how cross-border investment decisions are made, the likely costs and benefits arising from such decisions and their relevance to investors and managers alike.

METHOD OF TEACHING AND LEARNING:

Teaching Format
One two-hour online lecture plus one-hour online tutorial each week

INDICATIVE TOPIC OUTLINE:
Week 1: Foreign Exchange Market
Week 2: Balance of Payments and International Monetary System
Week 3: Exchange Rate Determination
Week 4: Exchange Rate Regimes and Currency Crises
Week 5: Currency Risk Management I
Week 6: No Classes (Independent Learning Week)
Week 7: Currency Risk Management II
Week 8: International Portfolio Investments and Recent Trends
Week 9: Portfolio Diversification and International Market Integration
Week 10: Foreign Direct Investment and Investment Appraisal
Week 11: No Classes
Week 12: Revision Period
Weeks 13 & 14: Semester 1 Examination Diet
LEARNING OUTCOMES:
By the end of the module, students should:
• Understand the operation of foreign exchange markets
• Perform basic exchange rate conversion and arbitrage
• Understand the balance of payments
• Appreciate the importance of international monetary system
• Understand the factors and models of exchange rate determination
• Understand the international parity relationships
• Understand the causes of currency crises
• Compare and contrast major types of currency management tools
• Demonstrate the use of futures and options to hedge currency risk
• Have working knowledge of the means of international portfolio investments
• Understand the issues around exchange-traded funds
• Understand the rationale of international diversification and evaluate its effectiveness
• Understand the implications of international financial integration on diversification
• Understand the motives and drivers of foreign direct investments
• Understand the models of investment appraisal in an international context

ASSESSMENTS:
• Assessment 1 (30%): Online Class Test (Interim) in Week 7
• Assessment 2 (30%): Group Coursework
• Assessment 3 (40%): Online Class Test (Final) in Week 11

READING LIST:

Course descriptions apply to the period of dual-mode delivery in the academic year 2020/21. Organisation of courses may be subject to change without notice.