



QUINLAN
SCHOOL of BUSINESS

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FINC 455, Section 001 INTERNATIONAL FINANCIAL MANAGEMENT
Fall Quarter 2018, Thursday 6 to 9 PM, Schreiber Center Room 405

Course Description and Overview:

When a domestic firm expands its business overseas, it is rewarded with many potential opportunities. At the same time, the firm is exposed to additional risks. This course introduces students to those additional economic and financial challenges faced by multinational corporations. Specifically, this course exposes students to:

- Foreign Exchange Market. Function and structure of the Spot and Forward markets are discussed.
- Currency Derivative Markets. Function and structure of the Foreign Exchange Futures and Options markets are introduced.
- Fundamental International Parity Relationships. The relationship between purchasing power parity and the exchange rate is introduced, as well as the relationship between interest rate parity and the exchange rate.
- Foreign Exchange Risk Management. Looking at different techniques developed to manage foreign exchange risk.
- Capital budgeting for Multinational Corporations.

Course Objectives and Learning Outcomes

1. To understand the workings of the foreign exchange market and its instruments.
2. To understand factors affecting foreign exchange rate movements over time.
3. To identify and manage foreign exchange exposure.
4. To perform multinational capital budgeting.

Required Materials

1. International Financial Management (8th Edition) by Eun and Resnick, McGraw-Hill; and
2. Wall Street Journal: <http://r.wsj.net/hVFsZ>

Course Requirements and Grading Criteria

Assignments and Exam	Points (%)
Mini projects (2; individual)	30 points (15 points each; 10%)
BMC, Currency module only (completed by 6 PM, 9/28/2018)	15 points (5%) <ul style="list-style-type: none">● 70 – 100: 15 points● 60 – 69: 10 points● Below 60: 5 points● Incomplete: 0 points
Analyzing Currency Behavior project (group: 2 students)	40 points (13.3%)
FX Risk Management project (group: 2 students)	90 points (30%)
Final	125 points (41.7%)

Notes:

1. Your final course grade will be determined by adding together the points you earn from each of the course requirements.
2. Mini projects, Analyzing Currency Behavior project, and the FX Risk Management project are due at the beginning of the class. No late assignments will be accepted without prior consent.
3. There will be no make-up exam given unless there are compelling medical reasons that are supported by a doctor's report. The make-up exam may be different than the exam taken by the rest of the class.
4. BMC assignment must be completed by 6 PM on September 28, 2018. There will be no make-up for this assignment.

Bloomberg Market Concepts (BMC)

Bloomberg Market Concepts is an 8-hour self-paced course that gives you a visual introduction to financial markets and teaches 70 of the most common Bloomberg terminal functions used by financial analysts. It covers Economics, Currencies, Fixed Income and Equities. When you complete the four modules, you will receive a BMC Certificate of Completion and become eligible to upload your resumes onto the Bloomberg Talent Search database. This is a recruiting platform that employers actively search to fill internship and entry-level positions.

Course Grading Scale:

93 and Above	A	78 and 79	C+
90 to 92	A-	73 to 77	C
88 and 89	B+	70 to 72	C-
83 to 87	B	60 to 69	D
80 to 82	B-	Below 60	F

Quinlan School of Business Policies:

A Attendance

Class attendance and participation are fundamental components of learning, so punctual attendance at all classes, for the full meeting period, is expected of Quinlan students. Faculty may set participation policies unique to their courses and use class participation as a component of the final grade. The student is responsible for any assignments or requirements missed during an absence.

If you miss a class or leave early, please notify me in advance. You are responsible for any class assignments or requirements missed.

Cell phone:

Unless you are expecting an emergency call (please notify me in advance), please silence your cell phones and do not use them in class. ***You are not allowed to use a cell phone during the final exam.***

Laptop:

Unless you are taking lecture notes on your laptop, please keep it closed during class. ***You are not allowed to use a laptop during the final exam.***

Email Correspondence:

- Students are expected to check their emails on a consistent basis in order to keep up with the class. Students have a responsibility to recognize that certain communications may be time-critical. “I didn’t check my email” is not an acceptable excuse for missing assignments.
- I will respond to all emails within 48 hours on weekdays and any contact after 5:00pm on Friday will be returned on Monday.

B Make-Up Exams

Loyola University academic policy states that exams may be given during the term as often as deemed necessary by the instructor. Because Quinlan faculty believes exams represent a critical component of student learning, required exams should be taken during the regularly-scheduled class period. Make-ups are discouraged. Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician’s note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final exam may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

If a make-up exam must be given, it is the responsibility of the faculty member to prepare, schedule, and proctor the exam. The only regular exception is for a student athlete, who may use the testing services of the Athletic Department to complete this. For a student with a documented special testing need, please consult University policy concerning use of the testing center in Sullivan Center at Lake Shore Campus.

C Academic Integrity

All members of the Quinlan School should refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood. Plagiarism or cheating on the part of the student, in individual, group, or exam behavior will result minimally in the instructor assigning an “F.” In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:

<http://www.luc.edu/media/lucedu/quinlanschoolofbusiness/pdfs/Honor-Code-Quinlan-July2012.pdf>

Fall 2018 Weekly Schedule

Date	Chapter(s)	Topics
8/30	1	Globalization and the Multinational Firm
	5	The Market for Foreign Exchange
9/6 - 9/20	5	The Market for Foreign Exchange
	7	Futures and Options on Foreign Exchange
9/27	7	Options on Foreign Exchange
	6	International Parity Relationships and Forecasting Foreign Exchange Rates
	Assignment	<i>Analyzing Currency Behavior project is due</i>
10/4	6	International Parity Relationships and Forecasting Foreign Exchange Rates
10/11 (No class; Need to make-up)	6	Purchasing Power Parity
	8	FX Risk Management
	Assignment	<i>IRP mini case is due</i>
10/18	8	FX Risk Management
	Assignment	<i>PPP mini case is due</i>
10/25	18	International Capital Budgeting
	Assignment	<i>FX Risk Management Project Part is due</i>
	Review	
<i>11/1</i>	<i>Final: Open book</i>	<i>Covers chapters:</i>

Homework Assignments

Chapter	Problems
5	1, 3, 7, 10 and 13 (Problem 13: use the average of the bid and ask prices)
6	2, 7, 8, 10, 11 and 12
7	1, 2, 4, 6, 7 and 8
8	2, 3, 7 and 8

Mini Project

Chapter	Topic	Due Date
6	IRP mini case	10/11/2018
	Create your own version of Big Mac Index (pages 152 and 153)	10/18/2018

FX Risk Management Project (see handout)