



Shanghai Jiao Tong University

FI431 International Finance (Postgraduate) (Online)

Instructor Information	Jiahong Mi Home Institution: Shanghai Maritime University Email: jhmi@shmtu.edu.cn		
Term	December 17, 2020 - January 8, 2021	Credits	4 units
Course Delivery	The class will be delivered in the format of online. Other than recorded lecture videos, the instructor will arrange 6 hours' real-time interactions with students per week (via discussion forum, zoom meeting, and WeChat). The workload students are expected to complete to properly pass this course is about 16 hours per week.		
Required Texts (with ISBN)	Cheol EUN and Bruce RESNICK (2018): International Financial Management, 8th edition, McGraw-Hill Education. ISBN: 9781259717789 Krugman, P, Obstfeld. M and M. Melitz (10th Edition), International Finance: Theory and Policy, Pearson Series in Economics, Prentice Hall. ISBN: 1292214872		
Prerequisite	Students are expected to have a thorough knowledge of all material covered in an introductory finance course.		



Course Overview

In this course we will develop and study international macroeconomic frameworks that model an economy open to trade in financial assets and real goods. We will specifically aim to understand the rapidly growing financial linkages between countries, and their implications about individual economies. We will stress concepts and their application to current events. The overarching topic of the course is understanding the numerous forces that shape currency exchange rates, which are the crucial determinants of financial and trade flows between countries. Other topics of particular interests are capital flows, macroeconomic stabilization in open economies, single-currency areas, and sovereign debt crises. We will apply the analytical tools we learn to address major current issues such as Brexit, the Greek debt crisis, currency unions and the Euro more generally, the global impact of the financial crisis, the persistent trade deficits and international indebtedness (i.e. global imbalances) and more.

Learning Outcomes

After successfully completing this course you should be able to:

1. Demonstrate a knowledge of the international monetary system, and an ability to calculate and interpret values for various exchange rate problems
2. Have a basic knowledge of how international financial markets work.
3. Understanding of exchange rates and why currency values fluctuate.
4. Explore methods used to manage risk in the global markets.
5. Provide an in-depth understanding of the process and techniques used to make international investment decisions.



Grading Policy

Participation	10%
Group project & Presentation	40%
Written Exam (Open Book)	50%

Grading Scale is as follows

Number grade	Letter grade	GPA
90-100	A	4.0
85-89	A-	3.7
80-84	B+	3.3
75-79	B	3.0
70-74	B-	2.7
67-69	C+	2.3
65-66	C	2.0
62-64	C-	1.7
60-61	D	1.0
≤59	F (Failure)	0



Class Schedule

Date	Lecture	Readings
Day 1	Course Introduction and The International Monetary System	Krugman Chapters 1
Day 2	The Foreign Exchange Market	Eun Chapter 5
Day 3	Group Project Discussion	supporting material
Day 4	International Parity Conditions	Eun Chapter 6
Day 5	Exchange Rates and the Foreign Exchange Market: An Asset Approach	Krugman Chapters 14
Day 6	National Income Accounting and the Balance of Payments	Krugman Chapters 13
Day 7	Practice session on “Balance of Payments”	Tutorial questions and supporting material
Day 8	Foreign Currency Derivatives I	Eun Chapters 7
Day 9	Foreign Currency Derivatives II	Eun Chapters 14
Day 10	Foreign Exchange Exposure I	Eun Chapter 8
Day 11	Foreign Exchange Exposure II	Eun Chapter 9
Day 12	International Portfolio Theory and Diversification	Eun Chapter 15
Day 13	International Monetary Systems: An Historical Overview	Krugman Chapters 19
Day 14	Financial Globalization: Opportunity and Crisis I	Krugman Chapters 20
Day 15	Group Presentation	N/A
Day 16	Group Presentation	N/A
Day 17	Course Review	N/A
Day 18	Final Exam	