



Shanghai Jiao Tong University

FI431 International Finance (Postgraduate)

Instructor Information	<p>Jiahong Mi Home Institution: Shanghai Maritime University Email: jhmi@shmtu.edu.cn Office Hours: Determined by Instructor</p>		
Term	December 17, 2020 - January 8, 2021	Credits	4 units
Class Hours	Sunday through Thursday, 135 mins per teaching day		
Discussion Sessions	2 hours each week, conducted by teaching assistant(s)		
Total Contact Hours	64 contact hours (1 contact hour = 45 mins, 2880 mins in total)		
Required Texts (with ISBN)	<p>Cheol EUN and Bruce RESNICK (2018): International Financial Management, 8th edition, McGraw-Hill Education. ISBN: 9781259717789</p> <p>Krugman, P, Obstfeld. M and M. Melitz (10th Edition), International Finance: Theory and Policy, Pearson Series in Economics, Prentice Hall. ISBN: 1292214872</p>		
Prerequisite	Students are expected to have a thorough knowledge of all material covered in an introductory finance course.		
<p>The course might be moved to online delivery due to COVID-19 pandemic. The anticipated date is November 6, 2020.</p>			



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

Mid-semester Exam	30%
Group Project	20%
Final Exam	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	Practice session on “The International Monetary System & The Foreign Exchange Market”	Tutorial questions and 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	Mid-semester Exam Review	supporting material
Day 9	Mid-semester Exam	
Day 10	Foreign Currency Derivatives	Eun Chapters 7 & 14
Day 11	Practice session on “Foreign Currency Derivatives”	Tutorial questions and supporting material
Day 12	Foreign Exchange Exposure	Eun Chapter 8 & 9
Day 13	International Portfolio Theory and Diversification	
Day 14	International Monetary Systems: An Historical Overview	Krugman Chapters 19
Day 15	Financial Globalization: Opportunity and Crisis	Krugman Chapters 20
Day 16	Group Presentation	N/A
Day 17	Group Presentation & Course Review	N/A
Day 18	Final Exam	