



Shanghai Jiao Tong University

**FI431 International Finance (Postgraduate)**

<b>Instructor Information</b>	<p>Jia Ren Home Institution: Shanghai University of International Business and Economics Email: j.ren@suibe.edu.cn Office Hours: Determined by Instructor</p>		
<b>Term</b>	June 28, 2021 - July 23, 2021	<b>Credits</b>	4 units
<b>Class Hours</b>	Monday through Friday, 120 mins per teaching day		
<b>Total Contact Hours</b>	66 contact hours (1 contact hour = 45 mins, 3000 mins in total)		
<b>Required Texts (with ISBN)</b>	<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 (11th Edition), International Finance: Theory and Policy, Pearson Series in Economics, Prentice Hall. ISBN: 1292214872</p>		
<b>Prerequisite</b>	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. Students will be notified once the decision is made.</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



Due to the on-going pandemic, there is a possibility that in-person courses move to online delivery. Students will be notified once the decision is made.

If the in-person courses are to be changed to online courses, we will make a few adjustments:

**Lecture:** Each lecture will be uploaded on SJTU SCE online learning platform on a daily basis. Students are required to watch them according to the course schedule.

**Discussion:** There will be 4 hours open session on ZOOM every week. The attendance of the discussion is important as it is part of your final score.

**Office hours:** For online courses, we use WeChat to answer questions. Students can leave a message to ask questions at any time, and the teacher will answer them within 24 hours

**Exam:**

Mid-semester Exam	30%
Group Project	20%
Final Exam	50%

Online exam (3.5 hours)

- Mid-term exam (1.5 hours)
- Final exam (2 hours)



## Class Schedule

Date	Lecture	Readings
Day 1	Course Introduction and The International Monetary System	Krugman Chapters 1
Day 2	Exchange Rate Regimes	Eun Chapter 2
Day 3	National Income Accounting and the Balance of Payments	Krugman Chapters 13
Day 4	The Foreign Exchange Market	Eun Chapter 5
Day 5	Practice session on “Balance of Payment and Foreign Exchange Market”	Tutorial questions and supporting material
Day 6	International Arbitrage	Eun Chapter 6
Day 7	International Parity Conditions	Eun Chapter 6
Day 8	Forecasting Exchange Rates	Krugman Chapters 14
Day 9	Mid-semester Exam Review	supporting material
Day 10	<b>Mid-semester Exam</b>	
Day 11	Foreign Currency Derivatives	Eun Chapters 7
Day 12	Foreign Currency Derivatives	Eun Chapters 14
Day 13	Practice session on “Foreign Currency Derivatives”	Tutorial questions and supporting material
Day 14	Management of Transaction Exposure	Eun Chapter 9
Day 15	Management of Economic and Translation Exposure	Eun Chapter 10
Day 16	International Monetary Systems: An Historical Overview	Krugman Chapters 19
Day 17	Financial Globalization: Opportunity and Crisis	Krugman Chapters 20
Day 18	Course review	N/A
Day 19	Group Presentation	N/A
Day 20	<b>Final Exam</b>	