COURSE DESCRIPTION

This course has two components. The first component provides students with a working knowledge of international finance. This knowledge is essential to manage an international business or one exposed to global competition. The key topics we cover are:

- Forecasting exchange rates in the short and long run.
- The relation between inflation and nominal exchange rates.
- How currency over or undervaluation affects the returns to foreign investments.
- Comparing financing alternatives in different currencies.
- Managing risk with operational strategies, forwards and options.
- Currency speculation strategies.
- International valuation.

The second component of the course gives students an understanding of different markets and business geographies. This understanding is critical for students who seek to lead international corporations. We study the challenges and opportunities present in the following economies:

- United States;
- Europe;
- Japan;
- China;
- India;
- Latin America;
- Africa.

We also study three important markets:

- Commodities;
- Real estate;
- Cryptocurrencies.
PREREQUISITES

The only formal prerequisite for the course is Finance 430.

CLASSES

The lectures consist of a series of short pre-recorded videos. We will meet once a week for 90 minutes via Zoom to talk about any questions you might have on the material, as well as to engage in case discussions and simulations.

EVALUATION

The grade for this course is based solely on a set of individual weekly quizzes and homework problems (70 percent) as well as group homework (30 percent). Group homework is solved in groups of up to six students. Homeworks are due in the beginning of the class to which they are assigned. Late homeworks are not accepted. Assignment due dates are not negotiable.

The Kellogg honor code strictly applies. All individual quizzes and homework problems must be completed independently. Homework problems must be solved without consulting answers to previous years’ problems.

TEXTBOOK AND CASE PACKET

There is no required textbook for the course. The recommended textbook is *International Financial Management*, by Cheol Eun and Bruce Resnick, McGraw-Hill-Irwin, 7th Edition, 2015 or 8th edition, 2017. This text is used as a complement, not as a substitute for the lectures.

The case packet includes the slides used in the lectures.

All course materials, including readings, quizzes and homeworks are posted on Canvas.