

Business Finance

December 2023

Course Description

The course focuses on the financial activities from a multinational corporation's viewpoint. It provides students a systematical approach to learn and think from the perspective of financial manager. There are four major parts covered in this course:

- I. the international financial environment
- II. exchange rate behavior
- III. exchange rate risk management and
- IV. international investment. The following concepts will be introduced and discussed: international capital and foreign exchange market, the advantage of international diversification and foreign investment assessment.

Prerequisite:

Students are expected to have taken *corporate finance*, *statistics* and *derivatives markets*.

Course Objective

1. To understand the international concepts and theories, and to be able to solve finance problems in international enterprise.
2. To be able to management exchange rate risks.
3. To be able to apply techniques for risk assessment in foreign investment.
4. To understand how to do international optimal investment.

Required Textbook & Materials

Text Book

- Madura, Jeff, 2020. *International Financial Management*, 14th edition, Asia Edition, Cengage Learning, ISBN: 978-981-49-1500-7. (Hwa Tai Publishing 華泰文化代理)
The text explains well in major topics in detail.
- [Chinese] 李隆生譯，國際財務管理13e，華泰文化出版。

Reference Books

- Eun and Resnick, and Chuluun, 2021. *International Financial Management*, 9th edition, McGraw Hill Education. (Hwa Tai Publishing 華泰文化代理) ISBN: 978-1-260-57531-6.
- [Chinese] 王明昌譯，國際財務管理7e，華泰文化出版。
- Eiteman, Stonehill and Moffett, 2016, *Multinational Business Finance*, 14th edition, Pearson.(English：雙葉書廊代理)(Chinese：董澍琦審訂,雙葉書廊代理).
- 謝劍平，2022，國際財務管理，第四版，智勝出版。
- 黃志典，2018，國際財務管理，二版，華泰出版。黃志典，2019，國際財務管理概論，四版，華泰出版。

Copies of above books are in the library.

All the slides, handouts, suggested readings, and assignments will be made available on the [ee class](https://eeclass.nthu.edu.tw/) platform for you to download and print out for personal use only. Please check the <https://eeclass.nthu.edu.tw/> before the beginning of lectures.



Evaluation

Class Participation	10%
The Midterm Exam	30%
Final Exam	30%
Group Report and Presentation	30%

The grading policy involves examinations and presentation. These exams are closed book and their duration is expected to be about 80+ minutes. The midterm and final examinations are both worth 30%. Two exams will be held across the term time. The exam dates are shown in Course Schedule and could be adjusted, if needed.

The group studies and presentation count for 30%. Each group may have n persons. Please email the group member list and selected topic to course teaching assistant before $mmm. dd$. If you send the email earlier, you have the right to choose your topic. The topics are shown in BF_IF_topics of group presentation file. The selected group may present its report for $6 + 3n$ minutes times the number of group members, $6 + 3n$. It is about 15~27 minutes. Further details will be announced.

Course Structure

The financial managers of multinational corporations (MNCs) must be able to assess the international environment, recognize opportunities, assess exposure to risk, and manage the risk. The first two parts of the courses provide the macroeconomic framework. Part 1 introduces the major markets that facilitate international business. Part 2 describes relationships between exchange rates and economic variables and explains the forces that influence these relationships. The remainder of the part provides a microeconomic framework, with a focus on the managerial aspects of MNC manager. Part 3 explains the measurement and management of exchange rate

risk. Part 4 describes the international investment.

Course Schedule

Part	Date	Topic(s)	Madura	Presentation	Workshop
I. The international finance environment	Feb	Introduction Overview	Ch1		
		International financial markets Exchange rate determination	Ch 3-4		
		Peace Memorial Day			
	Mar	Currency derivatives Government influence on exchange rates	Ch 5-6		1. Building derivatives capacity(ch5)
II. Exchange rate behavior		International arbitrage and interest rate parity	Ch 7		2. Currency arbitrage(ch7)
		Relationships among inflation, interest rates, and exchange rates	Ch 8		
		The mid-term Exam 3:00pm+ Chapters 1-7			
III. Exchange rate risk management	Apr	Children's Day			
		Forecasting exchange rates	Ch 9		
		Measuring exposure to exchange rate fluctuations	Ch 10		3. Estimating currency risk(ch10)
		Managing transaction exposure	Ch 11		4.Hedging currency risk(ch11)
	May	Managing economic and translation exposure	Ch 12		
		Multinational Capital Budgeting	Ch 14		5.Evaluating a foreign project(ch14)
IV. international investment		International portfolio investment. (Eun et al.)	Ch 15 _ Eun.		6. The optimal international portfolio (Eun. Ch15)
		Presentation			
		Final Exam 3:00pm+ Chapters 8-15			

Teaching assistant

The teaching assistant is OOO(). Please contact with him before meeting.