

International Finance

Lecturer: Prof. Dr. Rainer Stöttner, Kassel University, Germany

Course Objectives

The scope and content of International Finance have been fast evolving due to deregulation of financial markets. As capital markets of the world are becoming more integrated, an understanding of international finance has become essential for corporate decision making.

Knowledge and skills after completing the course

The aim of the lecture is to give an understanding of the structure and use of international financial and foreign exchange markets and an idea of possible strategies to handle risks of international activities.

Course format and teaching methods

The course is held as lecture. Foils and examples are used in order to underline theoretical views. The application of hedging instruments is presented using a case study.

Integration of Theory with Practice; Relationship with other Courses

The course uses some basic knowledge about Finance and Budgeting. Hedging instruments are discussed in more detail in the follow-up course Financial Engineering.

Course content

- 1) National income accounting in an open economy. This chapter is devoted to open-economy macroeconomics and addresses two questions concerning international trade and finance, namely measurement and determinants of international flows of goods and capital.
- 2) Exchange rates. This chapter concerns the prices at which a country makes exchanges in a world market. Further it investigates impacts of policies on international flows of goods and capital.
- 3) Parities. This chapter purely focuses on financial considerations in international finance.
- 4) Risks with transnational activities. This chapter defines different types of risks arising with transnational activities.
- 5) Currency exposure and its management. The last chapter is devoted to an introduction and application of financial hedging instruments.

Exam

Regularly written exam. In addition written homework and presentation.

Reading list

Blattner, P.: Internationale Finanzierung, Oldenbourg, München et al, 1997, ISBN 3-486-23852-3.
Büschgen, H. E.: Internationales Finanzmanagement, Fritz Knapp GmbH, Frankfurt am Main, 1997, ISBN 3-7819-0602-7.
Eun, C. S.; Resnick, B. G.: International Financial Management, McGraw Hill, Boston et al, 1998, ISBN 0-256-16046-5.
Shapiro, A. C.; RYAN M.: Multinational Financial Management. John Wiley & Sons, Inc., 1999, ISBN 0-471-36610-2.