**International Financial World: Markets, Institutions and Policies**

**Professor: Rhee, Yeongseop**

**Class Hours: Monday 1:00 pm – 4:00 pm**

**Office hours: by appointment**

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**1. COURSE DESCRIPTION**

This is an intermediate course on international finance. It is designed to provide the basic knowledge of international financial markets, institutions and policies as a backdrop of international commerce in a highly globalized and integrated world economy. While studying basics of international financial markets, **this course also aims to guide students in their undertaking academic research, focusing on European case in this semester.**

There are so many topics covered in international finance, which can be categorized into three groups. The first focuses on prices in international financial markets and examines how prices are determined, how various market prices are related, how prices change over time, etc. The second deals with private individuals’ and financial managers’ decision making and analyzes how their strategies and actions are made to achieve their own goals using the information collected in the markets. The last one is policy issues for the public sector, which includes direct intervention in the markets and regulation of financial markets. The public policy issues will be only slightly covered in this course.

**2. COURSE FORMAT**

This course will combine regular lectures with students’ presentations (and maybe special lectures). Around two thirds of the semester will be spent for the lectures and the other for students’ presentations.

* Students are expected to make two presentations: one individual presentation and one group presentation on research topics related with subjects covered in class. Group presentations are debates between two groups. Students are required to submit the PPT files after each presentation. Every semester, the focus of interest changes: **This semester will focus on the European case because Europe is in big turmoil.**
* Each week students are required to read at least two reading materials, which are closely related with the subject covered in each week, and to submit two-page weekly report before class, which includes a brief of and students’ own comments on reading materials assigned for the week.
* By the end of the semester, students are also required to submit a term paper on what they choose for individual presentations. The report is expected to address a basic description of the topic, what’s new and interesting, and students’ own suggestion of policy implications.

**3. TEXTBOOKS and COURSE MATERIALS**

There is no specific textbook for the course and the lectures will be based on lecture notes. Lecture notes and course reading materials will be posted on eTL before class begins.

* Lecture notes (PPT files)
* Eun, C.S. and Resnick, B.G. (2008), International Financial Management (Irwin/McGraw-Hill Series in Finance, Insurance and Real Estate)
* Levich, R.M. (2001), International Financial Markets: Prices and Policies (McGraw-Hill/Irwin Series in Finance, Insurance & Real Estate)
* Madura, Jeff (2010), International Corporate Finance, Cengage-Learning.
* Solnik, B.H. and D.W. McLeavey (2008), Global Investments (Addison-Wesley Series in Finance)
* Krugman, P., M. Obstfeld and M. Melitz (2015), International Economics: Theory and Policy (Pearson)
* IMF, Global Financial Stability Report (various issues)
* IMF, Annual Report (various issues)
* BIS, Annual Report (various issues)

**4. EVALUATION**

* Class attendance and participation: 10%
* Presentations, term papers and weekly reports: 50%
* Exam: 50%

**5. CLASS SCHEDULE**

Week 1: Introduction

Week 2: Balance of Payments and Foreign Exchange Markets

- Krugman, Obstfeld and Melitz Ch.13; Eun and Resnick Ch.3 and Ch.5

Week 3: International Parity Conditions

- Eun and Resnick Ch.6; Levich Ch.4 and Ch.5

Week 4: International Banking and Eurocurrency Market

- Eun and Resnick Ch.11

Week 5: International Securities Market

- Eun and Resnick Ch.11 – Ch.13

Week 6: Derivatives Markets – Futures and Options

- Eun and Resnick Ch.7; Levich Ch.11 – Ch.12;

Solnik and McLeavey Ch.12 – Ch.13

Week 7: Derivatives Markets – Swaps

- Eun and Resnick Ch.14; Levich Ch.13; Solnik and McLeavey Ch.11

Week 8: International Portfolio Management

- Eun and Resnick Ch.15; Solnik and McLeavey Ch.3; Levich Ch.14-Ch.15

Week 9: Management of Foreign Exchange Risk

- Eun and Resnick Ch.8-Ch.10; Solnik and McLeavey Ch.11; Levich Ch.16

Week 10: Exam

Week 11 – Week 13: Individual Presentations

Week 14 – Week 15: Group Discussions