



QURTUBA UNIVERSITY

Of Science and Information Technology

D.I Khan, Peshawar Khyber Pakhtunkhwa, Pakistan.

Course Name	International Finance
Course Code	FIN416
Semester	8th
Credit Hours	03
Total Weeks	16/18
Total Hours	48/54
Total Marks	100
Pre-requisite	FIN209/FIN404

Course Objective:

This course is designed to provide a rigorous understanding of the International Financial Mechanism. Topics include: International Trade, Balance of Payment, and Market for Foreign Exchange and Exchange rate determination, Floating, Managed Float and Fixed exchange rate system. The focus is also placed on the balance of Payment, analysis and the impact of exchange rate fluctuations on the balance of payment and the value of the multinational firm, to minimize the uncertainty of exchange rate fluctuations; the topic of forecasting exchange rates is also included in the course.

Grading Criteria

Distribution	Weight
Quizzes, Assignments, and class participation	10
Mid Term	20
Final Term	70
Total	100

Textbooks:

- **International Financial Management** (8th Edition) by Jeff Madura

Reference Material

- International Financial Management (5th Edition) by Eun & Resnick , 7th edition by McGraw-Hill 2014.
- International Financial Management by Addison Wesley Longman, 3rd edition 1998.

- International Finance by Keith Pilbeam, 3rd edition
- International Economics: Theory and Practice by Paul Krugman, 9th edition, Pearson.

Week #	Description
1-2.	<p><u>Multinational Financial Management: An Overview</u></p> <ul style="list-style-type: none"> • Goal of the MNC • Theories of International Business • International Business Methods • Exposure to International Risk • Overview of an MNC's Cash Flows • Valuation Model for an MNC
3-4.	<p><u>International Flow of Funds</u></p> <ul style="list-style-type: none"> • Balance of Payments • International Trade Flows • Factors Affecting International Trade Flows • Correcting a Balance of Trade Deficit
5	<ul style="list-style-type: none"> • International Capital Flows • Agencies that Facilitate International Flows • How International Trade Affects an MNC's Value
6-7.	<p><u>International Financial Markets</u></p> <ul style="list-style-type: none"> • Foreign Exchange Market • International Money Market • International Credit Market • International Bond Market • International Stock Markets • Comparison of International Financial Markets • How Financial Markets Affect an MNC's Value
8-9.	<p><u>Exchange Rate Determination</u></p> <ul style="list-style-type: none"> • Measuring Exchange Rate Movements • Exchange Rate Equilibrium • Factors that Influence Exchange Rates • Speculating on Anticipated Exchange Rates
10-11	<p><u>Currency derivative</u></p> <ul style="list-style-type: none"> • Forward market • Currency futures market • Currency options market • Currency call options • Currency put options

12-13.	<p><u>International Arbitrage and Interest Rate Parity</u></p> <ul style="list-style-type: none"> • International Arbitrage • Locational Arbitrage • Triangular Arbitrage • Covered Interest Arbitrage..... <p>Interest Rate Parity</p> <ul style="list-style-type: none"> • Derivation of Interest Rate Parity • Determining the Forward Premium • Graphic Analysis of Interest Rate Parity.....
14-15.	<p>Relationships Among Inflation, Interest Rates, and Exchange Rates</p> <ul style="list-style-type: none"> • Purchasing Power Parity (PPP) • Interpretations of PPP • Rationale Behind PPP Theory • Derivation of PPP..... <p>International Fisher Effect (IFE)</p> <ul style="list-style-type: none"> • Implications of the IFE for Foreign Investors • Derivation of the IFE..... • Comparison of IRP, PPP, and IFE Theories
16	<p>Presentation, case studies</p>

Learning Outcomes:

- Multinational Financial Management
- International Flow of Funds
- International Financial Markets
- Exchange Rate Determination
- Currency derivative
- International Arbitrage and Interest Rate Parity
- Interest Rate Parity
- Relationships Among Inflation, Interest Rates, and Exchange Rates
- International Fisher Effect (IFE)