



New York University  
Stern School of Business

International Financial Management  
Professor Kishore Tandon

Spring 2007  
C45.0030

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Office/Phone:	MEC 9-150 212-998-0335 <b>email: ktandon@stern.nyu.edu</b>
Office Hours:	Mon: 2.30 – 3.30 pm Wed. 3.30 – 4.00 pm & By Appointment
Textbook Required:	<b>(1) My own handouts/manuscript.</b> Posted On Blackboard. <b>(2) Eiteman, Stonehill &amp; Moffett:</b> Multinational Business Finance <b>Custom Edition (Abridged)</b> Addison-Wesley Publishers (2006)
Grading:	<b>2 Mid-Term Exams 55%</b> <b>Final 35%</b> <b>WSJ Articles &amp; Participation 10%</b> The lower mid-term will be valued at 25% and the higher one at 30%. Final is 35% Absolutely no makeup exams given without prior permission, which is rarely given. If sick, you will need to get a doctor's certificate.

Course Objectives/Contents:

This course extends the principles of Finance to an international context. In an international context, aside from asset risk, firms face the additional component of exchange rate and interest rate risk management to its global investment and financing decisions.

The first part of the course deals with an overview of the global financial environment, existence of various currency instruments- forwards, futures, options, and swaps-, the existence of offshore financial markets (Eurocurrency markets), and their applications in hedging exchange rate risk. After equipping ourselves with the basic tools available to handle exchange rate risk, we shall discuss the measurement and management of different types of foreign exchange exposure - transaction, translation and economic exposure. We shall discuss issues involved in international investment and financing alternatives, international trade financing, and international working capital management.

Course Requirements:

The requirements for the course include **two mid-term exams, one final exam, 3 WSJ weekly articles and active class participation.** You will be allowed one 3 x 5 index card of notes in the exams, both sides. **Class participation is required & graded.** Every Monday, you will have to submit a summary of 3 articles (75 words each) from WSJ and/or Business Week in International Finance.

As for readings / textbook in this course, I will be using my own handouts which will be posted on the blackboard (nearly 150 to 200 pages) and you can download them. The custom edition textbook by Eiteman, Stonehill and Moffett is required – it is an abridged version of the full text with 10 chapters only and costs half the regular price.

**THERE IS A STRICT CODE OF HONOR FOR THIS COURSE**  
**ABSOLUTELY NO EXCEPTIONS TO THIS RULE**

<b><u>Week</u></b>	<b><u>Topic</u></b>	<b><u>Readings</u></b>
<b>Week 1/ 2A</b>	Introduction & Background: International Monetary System European Monetary Union	Handout: #1 (ESM) Chapter 2
<b>2B / 4B</b>	Foreign Exchange Rate Markets: Forwards, Futures, Options.	Handout: #2 (ESM) Chapters 6,7
<b>5A</b>	<b>MID-TERM EXAM #1</b>	
<b>5B/ 6</b>	Currency & Interest Rate Swaps	Handout: #3 (ESM) Chapter 14
<b>7</b>	International Parity Conditions Exchange Rate Determination	Handout #4 (ESM) Chapter 4
<b>8A/9B</b>	Foreign Exchange Risk Management: Transaction & Operating Exposure	Handout: #5 (ESM) Chapters 8 and 9
<b>10A</b>	<b>MID-TERM EXAM #2</b>	
<b>10B/12</b>	Financing Globally: Euromarkets Global Bonds & Global Equities Index Mutual Funds, iShares, etc.	Handout: #6 (ESM) Chapters 12,13
<b>13</b>	International Capital Budgeting Political Risk	Handout #7 (ESM) Chapter 18
<b>14</b>	International Trade Financing	Handout: #8
	<b>FINAL EXAM</b>	