International Financial Management  
Stern School of Business, New York University  
C15.0030.02  
Spring 2006

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Lecture: TR 9:30pm-10:45pm  
Office Hours: To be announced

Overview

This is a course on issues surrounding international financial markets. Some major themes of the course will be:

1. What are the essential institutional features of major international financial markets?
2. What are the fundamental determinants of prices in international markets?
3. Are international financial markets efficient and what does market efficiency imply for these markets?
4. How do and how should households and firms manage international market exposure?
5. What is the role for public policy in regulating international financial markets?

Prerequisites

Students should have taken the Foundations of Finance course. A background in Futures and Options will be helpful to some parts of the course, but is not necessary.

Textbook


Grading

The overall grade for the course will be based on the following:

30% Midterm  
40% Final  
30% Homework and class participation

There will be weekly homework assignments graded on a check/check plus/check minus system. You may work in groups but you must write up and submit your assignments individually. Homework will be collected at the beginning of class; homework turned in at the end of class will be considered late and will receive a zero. However, I may still write comments and give feedback on late homework.
The median grade for this course will be in the B/B+ range.

**Blackboard**

Lecture materials and homework will be posted on Blackboard. Assignments will be collected in class.

**Cellular Telephones**

Students should turn off cell phones before entering class. Interruptions caused by a ringing cell phone may be considered as part of the grade.

**Academic Integrity**

Students are expected to observe the Stern undergraduate code of conduct, an excerpt of which follows.

The Leonard N. Stern School of Business Undergraduate College expects all of its students to adhere to the highest standards of academic excellence, integrity, and to the norms of a serious intellectual community. A student’s responsibilities include, but are not limited to, the following:

1. A duty to respect every member of the NYU community including refraining from all forms of intimidation, harassment, and prejudice.
2. A duty to acknowledge the work and efforts of others when submitting work as one’s own. Ideas, data, direct quotations, paraphrasing, creative expression, or any other incorporation of the work of others must be clearly referenced.
3. A duty to exercise the utmost integrity when preparing for and completing exams, including an obligation to report any observed violations.
4. A duty to respect and preserve university facilities as well as the personal property of others.

Every student is obligated to report to the instructor any suspected violation of the code that he or she has observed.

**Outline**

This schedule of lectures is tentative and is subject to revision.

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<td>International Financial Systems</td>
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6 Covered Interest Rate Parity
4 6 Expectations Hypothesis; Teaching evaluations
3 Balance of Payments and Spot Rates

5 Asset Models of Spot Rate Determination
Asset Models of Spot Rate Determination

6 Postmortem; Market Efficiency and Technical Analysis
7,8 Currency & Interest Rate Futures

7,8 Currency & Interest Rate Options
7,8 Currency & Interest Rate Options

8 14 Currency & Interest Rate Swaps
14 Currency & Interest Rate Swaps

9 Speculation

10 11-13 International Markets

12 17,18 Financing a Multinational Firm
16 Foreign Direct Investment and Cross-Border M&A
Corporate Governance, Tax, and Regulatory
Environments

8-10 International Risk Management