Course Objectives & Philosophy
A. To emphasize the pragmatic applications of theory. Dr. Abuaf, a former Chicago academic with 25 years of Wall Street experience will share his experiences with a wide array of his clients (see his bio), and will encourage students to comment
B. To emphasize action learning and cross learning from classmates, we will use case studies, and group projects in addition to lectures
C. To familiarize students with basic international macroeconomic and international corporate finance risk management concepts
D. To analyze and discuss current macroeconomic and corporate finance trends using sound economic and finance theories
E. To help students synthesize the theory, the empirical evidence, market color and various other constraints in making pragmatic corporate finance management recommendations
F. To have fun by discussing cases, news articles and events

Course Requirements & Grading; Textbooks & Readings
A. Two group projects (2x30%); Final Exam (40%)
B. The professor will distribute his lecture notes that will also be posted on the web
C. A textbook and packet of articles will be announced in the future

Week 1: Markets and Hedging Instruments
A. Overview of Major International Macroeconomic Concepts: Purchasing Power and Interest Rate Parity, Real vs. Nominal Interest Rates, Inflation Expectations, Fixed vs. Floating Exchange Rates, Dirty Floats, Exchange Rate Forecasting Models, Exchange Rates and Commodity Prices, Current Account Imbalances, Central Banks, Reserve Currencies. The case of the Euro, the Yuan, and the $
B. The Characteristics and Management of Foreign Exchange Risk: Volatility, The uses of Forwards, Futures, Options, and Swaps
C. The Case of IBM and the World Bank: The First Multicurrency Swap
D. Milton Friedman, Leo Melamed and the Birth of the Chicago MERC

Week 2: Managing Foreign Exchange Risk at the Corporate Level
A. Transaction Exposure, Translation Exposure, Economic Exposure
B. Economic, Tax, Accounting, Behavioral Considerations, Credit Lines and Mark-to-Market Risk
C. Forex Risk in Developed vs. Emerging Markets
D. Which Objective Function do We Optimize: Financial Ratios, Earnings Per Share, or Economic Value (Share Prices)?
E. The Case of the Whirlpool Corporation in the Brazil of 1990s
F. The Case of the Baxter Corporation in Europe (2000s)
G. Stock Market Reaction to Hedging Policies
Week 3: International Valuation, Capital Budgeting, and M&A
   A. International Cost of Capital: Adjusting Cash flows vs. Discount Rates
   B. Estimating Political Risk Premiums: Yankee Bond Spreads, Human Development Index, P/E Multiples, Firm Value/EBITDA Multiple
   C. Privatization and Valuation of Telefonos de Mexico (Early 1990s)
   D. The Repsol – YPF Merger (Late 1990s)

Week 4: Variation of Capital Structure Across Countries
   B. Why Capital Structure May Vary Across Countries?
   C. Why Swiss AAA issue Converts?
   D. Country Sovereign Risk Ceiling and its Violations: Tel. de Argentina and Repsol
   E. Borrowing in Low-, and Lending in High-interest Currencies: The Yen Trade
   F. The Case of a Mega European Multinational

Week 5: Special Topics in International Corporate Finance
   A. How We Developed an Options Market in Argentina: The Backstop Fund 1998
   B. Liability Management for the Republic of Turkey: 2000
   C. Trapped Overseas Cash for US Multinationals: The Case of Pharmas (Pfizer), and Techs (Microsoft, Intel)
   E. Comparative Advantage, International Corporate Strategy and the Rise of BRICs
   F. Cases Related to Outsourcing and Logistics (Intel, Walmart, Wall Street Research)

Week 6: Special Topics in Corporate Finance Continued
   A. Sovereign Wealth Funds
   B. The Case of Abu Dhabi Investment Corp and Citigroup
   C. Venture Capital, Hedge Funds, and Private Equity in an International Context
   D. Capital Structure Arbitrage and Activist Hedge Funds
   E. The Case of a US Private Equity Firm Managing its South African Investment
   F. The Case of a US Private Equity Firm Managing its Commodities Exposures
   G. Review of Group Projects
   H. Final Exam