

CLARION UNIVERSITY OF PENNSYLVANIA
COLLEGE OF BUSINESS ADMINISTRATION
DEPARTMENT OF FINANCE
Multinational Finance
FIN 480
Fall 2014

Instructor: Dr. Matthew Brigida

Office: Still Hall 318

Office Hours: In Still Hall Office: Monday and Wednesday, 3:15-4:45pm; On-line (D2L): Tuesday, 2:00-4:00pm.

Email: mbrigida@clarion.edu or matt@complete-markets.com

Course Day/Time: Monday and Wednesday, 12:30 – 1:45

COURSE DESCRIPTION

An introductory survey to the fundamental principles of multinational financial management. The learning outcomes for this course are summarized below:

1. Understanding the determination of exchange rates under varying present regimes. Further students will be briefly exposed to the evolution of money and foreign exchange over the past century.
2. Introduce the international monetary system as well as the reasoning, method, and effect of central bank intervention in foreign exchange and money markets.
3. Enable students to operate firms in a multinational setting through an understanding of foreign exchange and derivative markets, and how these securities may be used to mitigate risk for the multinational firm.

ACADEMIC HONESTY POLICY

Academic dishonesty will not be tolerated in this class. Cheating on quizzes, examinations, and other forms of dishonesty (e.g., plagiarism, collusion, and falsification of data) will be dealt with in a serious and formal manner. The penalty for academic dishonesty in this class will be course failure. That is, any student who is found to be cheating or engaged in other academically dishonest behavior will be failed for this course for this semester. Course withdrawals to avoid such a failure will not be permitted. As a student, you have a responsibility to become familiar with the Academic Honesty Policy found in the Student Rights, Regulations, and Procedures Handbook.

BSBA LEARNING GOALS AND OBJECTIVES

- **Goal 1.0: Demonstrate Business Disciplinary Competence.** How assessed: The exams and homeworks will evaluate a core area of finance: Operating a firm in a multinational setting.

- **Goal 3.0 (Objectives 3.1 and 3.2): Communicate Effectively Orally and in Written Form.** How assessed: The presentation of a student created Excel spreadsheet to calculate arbitrage profits given various currency call and put option prices.
- **Goal 4.0 (Objectives 4.1 and 4.3): Demonstrate Analytical Thinking Skills.** How assessed: Students will interpret conditions in the currency, interest rate, and swap derivative markets to identify when riskless profits can be made. If such conditions are present, students will formulate methods of obtaining those profits.
- **Goal 5.0: Understand Global Issues in the Functional Areas of Business.** How assessed: Understanding issues in operating a Multinational Corporation such as managing currency risk exposure. This understanding is evaluated through the exams and homeworks.
- **Goal 6.0 (Objectives 6.1 and 6.3): Demonstrate Effective Use of Technology and Data Analysis.** How assessed: In both homeworks and the presentation, students will analyze data and communicate conclusions using Excel.

EXAMS

There will be 3 exams; two during the semester and a final exam. All exams will be multiple choice and closed-book. The final exam is comprehensive.

Normally no make-up exams will be given. Failure to take an exam will result in a grade of zero for the missed exam. Make-up exams will only be allowed for extraordinary and verifiable reasons.

HOMEWORK

Three homework assignments will be assigned during the semester. The three homework assignments will be due the week before each exam. Each homework will be worth 3 and 1/3 final grade points. Late homework will not be accepted.

PROJECT

Students will create forward contracts through the use of currency options, and calculate arbitrage profits given various options prices. In so doing, students will gain an understanding of how various derivative markets relate to each other, and also how derivative markets relate to the underlying spot market.

CURRENCY ANALYSIS

Each student will be assigned a week in which to submit an analysis of currency markets. The analysis should be about a page long (double spaced) and cover what is driving recent movements in the main currencies. The analysis may also include projections of future currency movements. You should email me your currency analysis by Sunday evening of your assigned week. Please email the analysis as a pdf document. I may post some analyses to D2L for your classmates to read. We may also discuss the currency analyses in class - so you should be prepared to discuss your analysis. Lastly, the most important requirement of your analysis is that it be your original work. **Plagiarizing any part of your analysis will result in a zero for the entire analysis.** Use your own words.

PARTICIPATION/QUIZZES/COMPUTER ASSIGNMENTS

Throughout the semester I may give pop quizzes in class, and assign short homeworks (about 5) that mainly involve downloading data from various internet sources (FRED, Yahoo Finance, Oanda, etc.) and performing various calculations or graphically presenting the data. Each quiz and assignment will be weighted equally. During the semester, I may increase the amount of participation points.

COURSE COMMUNICATION

All important/official announcements will be posted on Desire 2 Learn and emailed to each student's Clarion University email account. I will post helpful information to: [Complete Markets](#). To see information relating to your course type "FIN 480" in the search bar at the upper left of the web page. Some examples of helpful information are spreadsheets which assist in studying for exams or completing homeworks, answers to questions other students have asked (of course I will not include who asked the question), and useful [R](#) code.

GRADING:

Exam 1	20
Exam 2	20
Final Exam	30
Homework	10
Project	10
Currency Analysis	5
Participation/Computer Assignments	5
Total Points	100

Final grades will be assigned according to the following scale:

- 90 - 100 A

- 80 - 89.9 B
- 70 - 79.9 C
- 60 - 69.9 D
- < 60 F

An Important Note on Grading

There is no special consideration if you need a certain grade in this course to graduate. **If you require a certain grade in this class to graduate it is your responsibility to earn that grade.** Specifically if you receive a ‘D’ in this course I will not allow you to do extra assignments after the course is complete in exchange for a higher grade.

GENERAL NOTES:

1. Attending class and reading the text is required.
2. All exams will be closed book.
3. There will be no make up exams or extra points assignments.
4. If you are late for an exam, no extra time will be allotted to you.
5. You should bring your text to class.
6. You are expected to be on time for class. This is especially important for exam dates.
7. Disruptive behavior in the classroom will not be tolerated.
8. Cheating will result in prosecution to the fullest extent possible under university rules.
9. You are responsible for material covered in the lectures, as well as text material.
10. **Adding or Dropping the Course:** To add or drop the course the student should consult the university guidelines and withdrawal dates. The course instructor is not involved in a student’s adding or withdrawing from the course.
11. **Software:** You may want to use word processing and spreadsheet software in this course. Common examples of such software are Microsoft Word and Excel. However, there is no need to buy this software if you don’t already have it. There are many free (open-source) alternatives which are just as good (and which allow you to save/read files as .doc(x), .pdf, and .xls(x)). Some widely used free office suites are [LibreOffice](#) and [OpenOffice](#). Feel free to download and use these. *All word processed submissions should be in .pdf, and all spreadsheets should be submitted as .xlsx.*

TENTATIVE OUTLINE

1/20: Chapter 1
1/27: Chapter 1
2/3: Chapter 2
2/10: Chapter 3 2/17: Homework and exam review
2/19: Exam 1
2/24: Chapter 4
3/3: Chapter 5
3/10: Chapter 6
3/24: Chapter 7
3/31: Homework and exam review
4/2: Exam 2
4/7: Chapter 8
4/14: Chapter 10
4/21: Chapter 11
4/28: Homework, exam review, and the last day to turn in your project.