

## FIN 460: International Finance

Canisius College  
Fall 2009

MWF 1:00pm-1:50pm  
Health Science Center 207

Instructor: Scott Hegerty  
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Office Hours: MWF 10am-11am and by appointment  
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International Finance (also known as “Open-Economy Macroeconomics”) is the study of the monetary and macroeconomic linkages among countries. The main topics of international finance involve exchange rates, international flows of capital, and economic policy, as well as the role of business in this environment. This course aims to introduce students to these topics in the context of recent developments around the world. By the end of this course, students will better understand these core concepts, be able to apply them to specific country and business experiences, and locate and analyze relevant sources of information.

Prerequisites: ECO101 and 102; FIN 201

Text: Michael Melvin, *International Money & Finance*, 7<sup>th</sup> ed. (2004), Pearson  
Additional readings (such as articles and bank reports) will be put on reserve.

### Grading:

Your grade will be assigned based on the following percentages:

Homeworks and Country Report	30%
Midterm Exam	30%
Final Exam	35%
Participation/Discussion	5%

Each assignment and test will be given a specific number of points. Your final score will be based on the number of points you earn overall, weighted by the scale given above. Grading *may* be on a curve that will be explained in class.

Homework will consist of problem sets and short (one-page) writing assignments. They will be handed out whenever they are deemed to be appropriate; there is no set number and the dates are flexible. Students are responsible for attending class both when these assignments are handed out and when they are turned in. One homework will be a longer Country Report, which will be a three-page analysis of the financial situation in the country of the student’s choice. Reports will apply the concepts learned in class, use appropriate information sources, and be professionally written. It will count as much as three regular homeworks. Academic honesty will be *strictly* enforced. Expectations will be explained in class, and are available at [www.canisius.edu/integrity/](http://www.canisius.edu/integrity/).

Late homework will not be accepted.

Exams will assess students’ mastery of the material, as well as analytical thinking and communication skills. The Midterm will cover all material up to the date of the test, while

the Final (not comprehensive) will cover material afterward. They will include short written answers, mathematical and graphical analysis, and longer essays.

Main Topics: The following constitute the main lecture themes and the corresponding book chapters:

0. Introduction and Economics Review
1. The Foreign Exchange Market and Exchange-Rate Determination (Chapters 1 and 5)
2. PPP and Long-Run Exchange-Rate Determination (Chapters 8 and 10)
3. Foreign Exchange Risk (Chapters 6, 4)
4. Exchange-Rate Regimes Past and Present (Chapter 3)
5. The Current Account and the Balance of Payments (Chapters 2 and 9)
6. International Investment and Capital Flows (Chapter 7)
7. Issues of Management (Chapters 11, 12, 13)
8. Open-Economy Macroeconomics and the IS-LM-BP Model (Chapter 14)
9. Special Topics

Additional models and specific case studies will also be presented in class.

Important Dates:

The Midterm is (tentatively) scheduled for the week of October 9 (Wednesday or Friday).

The Final will be held on the selected day during Exam Week (TBA).

There will be no class on Monday, September 7 (Labor Day); Monday, October 12 (Fall Break); and Friday, November 27 (Thanksgiving Break)

Attendance is strongly recommended. Attendance will be taken, and those who miss frequently will not earn many “participation” points. Students are free to make their own choices, but the choice often involves a trade-off between skipping class and passing.

Missed Exams or Assignments will not be made up. With an *appropriate* excuse, the remaining course components will be adjusted to equal 100 percent. Students must be prepared to provide such documentation as a Grandmother’s obituary or doctor’s excuse.

Laptops will only be allowed in class for note-taking. Students who wish to use a laptop for this purpose may be asked to show their notes to the instructor at any time.

Cell Phones and Texting are not allowed at any time. Students are encouraged to turn off their phones before class to avoid any potential embarrassment.

The Office of Disability Support Services serves as the college’s advocate for students with disabilities and it responsible for arranging necessary support. Any student who needs academic accommodations should contact the office at (716) 888-3748. If you have a disability for which accommodations are necessary, please also inform the instructor. For more information about the DSS Office or academic accommodations, please visit [www.canisius.edu/dss](http://www.canisius.edu/dss) or call 888-3748.