Overview

This module introduces students to the financial management of firms engaged in a globalized business environment. Topics include the foreign exchange market, the international monetary system as well as the determination of exchange rates and foreign currency risk. The module also covers international capital markets and familiarizes students with methods and data sources required for the analysis of international financial markets.

The course consists of a weekly lecture and an exercise to review the material, deepen students' understanding and apply the concepts and methods using real-world data or case studies.

Topics

Part I: Foreign Exchange Markets
- Globalization and the International Firm
- Foreign Exchange Markets
- Forward Markets and Exchange Rate Risk
- Balance of Payments
- Exchange Rate Systems

Part II: International Parity Conditions and Exchange Rate Determination
- Interest Rate Parity
- Speculation and Risk in the Foreign Exchange Market
- Purchasing Power Parity, Real Exchange Rates and Real Exchange Rate Risk
- Exchange Rate Determination and Forecasting

Part III: International Capital Markets
- International Debt and Equity Financing
- International Capital Market Equilibrium

Part IV: Foreign Exchange Derivatives (time permitting)
- Foreign Currency Futures and Options
- Foreign Currency and Interest Rate Swaps

**Material**


Lecture slides, relevant journal and newspaper articles relevant and other additional material will be made available on WueCampus.

**Organisation**

Lectures: Wednesday 10.15-12.45

Exercises: Tuesday 16.15-17.45

Form of examination: written exam (to prepare and familiarize students with the format, there will be a mock exam)

Office hours: no regular office hours, please register via email to make an appointment or talk to me after the lecture or exercise