

NATIONAL TAIWAN UNIVERSITY
Department of International Business
International Financial Investments

Assistant Professor Jr-Yan Wang

Spring 2010

Room 103, Building 2, College of Management

Thursday 9:10 ~ 12:10

jywang@management.ntu.edu.tw

02-33664987

COURSE DESCRIPTION

Since the globalization evolved rapidly in recent years, both investors and firms face broader asset classes today. Meanwhile, they also suffer the exchange rate risk. In this course, theories to determine the foreign exchange rate will be introduced first, including the effect of the national balance of payments and some parity relationships among the inflation rate, the interest rate, and the exchange rate. Secondly, we will introduce the foreign exchange market and some foreign exchange derivatives. Next, for multinational enterprises (MNEs), we will learn how to manage three kinds of exchange rate risks (transaction, operating, and translation risk), and analyze the benefit to establish the optimal capital structure by acquiring the global equity and international debt. Finally, if the time is enough, we will discuss some topics of the foreign investment decision of MNEs, including the multinational capital budgeting and the international mergers and acquisitions.

TEXT AND READINGS

Required: Multinational Business Finance, by Eiteman, Stonehill, and Moffett,
2007, 11th ed.

PowerPoint: <http://www.management.ntu.edu.tw/~jywang/> → Course Information
→ International Financial Investments (graduate level)

OFFICE HOUR

Room 513, Building 2, College of Management

Friday 15:00 ~ 17:00 or after class or by appointment

EXAMS AND GRADINGS

Midterm Examination	45%	Final Examination	45%
Class Participation	10%		

COURSE OUTLINE

Part I. Global Financial Environment

1. Introduction
2. The International Monetary System
3. The Balance of Payments

Part II. Foreign Exchange Theory

4. International Parity Conditions
5. Foreign Exchange Rate Determination of Forecasting

Part III. The Foreign Exchange Market and Derivatives

6. The Foreign Exchange Market
7. Foreign Currency Derivatives

(Midterm Examination)

Part IV. Foreign Exchange Exposure

8. Transaction Exposure
9. Operating Exposure
10. Translation Exposure

Part V. Financing the Global Firm

11. Global Cost and Availability of Capital
12. Sourcing Equity Globally
13. Financial Structure and International Debt
14. Interest Rate and Currency Swaps
15. International Portfolio Theory and Diversification

Part VI. Foreign Investment Decision

16. Foreign Direct Investment Theory and Strategy
17. Political Risk Assessment and Management
18. Multinational Capital Budgeting
19. Cross-Border Mergers, Acquisitions, and Valuation

TEACHING ASSISTANT

張碧娟 d95724014@management.ntu.edu.tw