WILMINGTON UNIVERSITY
COLLEGE OF BUSINESS
BASIC COURSE INFORMATION

COURSE TITLE: International Finance
COURSE NUMBER: MBA 7296

I. RATIONALE:

The understanding of the international financial environments of business in the face of Globalization can be very strategic for the formulation of corporate strategy. Thus, this course will focus on the planning and policies of risk management in an environment of volatile currency markets and competitive opportunities around the world. Through the use of currency derivatives such as forwards, futures, options and swaps, this course will demonstrate effective risk management transactions.

II. MAJOR INSTRUCTIONAL GOALS:

GOAL A:
The student will demonstrate an understanding of multinational financial management and primary theories of international business.

**Learning Outcomes:** The student will:

- **A-1** Analyze the benefits to a firm of incorporating international business as a long-term strategy, accounting for constraints interfering with that strategy.
- **A-3** Identify methods of conducting international business
- **A-4** Distinguish between the growth in international trade versus the growth in direct foreign investment.

GOAL B:
The student will demonstrate an understanding of the international flow of funds, international capital markets and the factors that determine exchange rates.

**Learning Outcomes:** The student will:

- **B-1** Explain the balance of payments and other economic issues affecting the current account and capital account.
- **B-2** Calculate bid/ask spread for currencies, exchange rate risk at banks and the markets for forward contracts.
- **B-3** Identify the factors that influence exchange rate markets and volatility.
GOAL C: 
The student will demonstrate understanding of the mechanics of “hedging” with currency futures, forwards and options.

**Learning Outcomes:** The student will:

C-1 Explain currency futures markets, currency call options, and currency put options.
C-2 Identify the exchange rate systems and government intervention in the foreign exchange markets.
C-3 Define international arbitrage and interest rate parity.
C-4 Demonstrate an understanding of purchasing power parity and international Fisher effect.
C-5 Determine whether a firm should hedge or not hedge their currency positions.

GOAL D: 
The student will demonstrate understanding of how to measure exposure to exchange rate fluctuations, transaction exposure, economic exposure and translation exposure.

**Learning Outcomes:** The student will:

D-1 Qualitatively analyze transaction, economic and translation exposure.
D-2 Demonstrate a quantitative understanding on how to manage economic and translation exposure with hedging strategies discussed in the course.

GOAL E: 
The student will demonstrate the ability to evaluate the multinational cost of capital for a Multinational Corporation (MNC) with an emphasis on country risk, long-term financing, global strategic planning, and interest rates.

**Learning Outcomes:** The student will:

E-1 Calculate the cost of capital for a MNC versus that of a domestic firm and comprehend how these calculations affect the capital structure of the firm.
E-2 Assess the political, financial and economic factors that affect beta in the Capital Asset Pricing Model.
E-3 Demonstrate an understanding of the analysis of international tax characteristics, transfer pricing and multinational corporate policy.