

Auburn University – Raymond J. Harbert College of Business
 Multinational Financial Management (FINC 5510)
 Spring Semester - 2014

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OFFICE HOURS: MW 10-11:30 and by appointment
CLASS HOURS: MWF 8-8:50 034 Lowder Business Building
 MWF 9-9:50 034 Lowder Business Building

COURSE OBJECTIVE:

The purpose of this course is to provide a background on the international environment and then to focus on the financial managerial aspects of operating a multinational corporation. Topics will include an introduction to major international markets, relationships between exchange rates and economic variables, and the measurement and management of exchange rate risk. In addition, this course will cover asset management and financing in an international environment.

MATERIALS:

Text: *Multinational Business Finance, (THIRTEENTH EDITION)* by Eiteman Stonehill and Moffett (ISBN 1 1-269-24340-3) – A custom 3-hole punched version of the text limited to the chapters we will cover is available at the bookstore at a lower cost than the hardcover textbook. One nice feature is you only need to “carry around” chapters we are currently covering! Alternatively you might be interested in purchasing e-chapters through the textbook website. Since we do go over problems in class I do require you to have access to a book in class.

Calculator: A calculator is required for every class (including exams). The HP10B and TI Business Analyst II Plus are reasonably priced and do everything you need. PROGRAMMABLE CALCULATORS WILL NOT BE ALLOWED FOR EXAMS.

Newspapers: *The Wall Street Journal (required) and Economist (optional).* You can subscribe at special student rates on Canvas. We will discuss relevant current international events in class. Exams will require some knowledge of current international business news.

PREREQUISITES: *FINC 3610 and eligibility to enroll in COB courses.*

GRADING:	<u>FINC 5510</u>	
	Mid-term Exams (2 at 25% each)	50%
	Final exam	30%
	Homework/Classwork	10%
	Current Event Discussion	<u>10%</u>
		100%

GRADING SCALE:	A	90 – 100
	B	80 – 89
	C	70 – 79
	D	60 – 69
	F	Below 60

LEARNING GOALS

a. Problem Solving:	Convert between dollars and foreign currency and vice versa using direct and indirect quotes
	Calculate currency cross rates.
	Compute forward exchange rates.
	Calculate the amount to be paid or received under various hedging alternatives.
b. Conceptual Thinking:	Assess foreign exchange risk and apply appropriate techniques to mitigate that risk.
	Demonstrate understanding of the advantages and disadvantages of strong vs. weak currencies and fixed vs. floating rates.

	Demonstrate understanding of key economic and political factors (inflation, interest rates, etc.) and how they impact exchange rates
	Demonstrate an understanding of the differences between real and nominal exchange rate changes.
c. Information Management:	Find information on exchange rates.
	Find and manipulate information on balance of payment data.
	Read quotes related to exchange rates, including cross rates, forwards, futures, and options.
d. Communication:	Students will be able to effectively communicate information on international issues so that it can be understood by individuals with diverse backgrounds, capabilities and interests.

Announcements

Be sure to check Canvas regularly for any missed work and upcoming assignments. I will provide important announcements and responses to questions either via e-mail or Canvas. It is imperative that you have a valid e-mail account and that you check it on a regular basis. If you use a different e-mail account than auburn.edu, forward your Auburn account to the e-mail address you check regularly.

Late Policy on Assignments

- Assignments will generally not be accepted late. Any assignments that are accepted late will be subject to a 10 point per day penalty unless a valid verifiable excuse for illness or family emergency is provided.
 - Students who miss an assignment because of illness need a doctor's statement for **verification of sickness** (visiting a doctor is not enough) and should bring the original **AND A COPY** to the instructor with the assignment. The assignment must be turned in **within one business day** (note this may not be the next time the class meets) of the end of the period covered by the excuse unless additional time is approved by the instructor.
- Any student with prior knowledge of a university excused absence must arrange to submit assignments **beforehand**.

Academic Honesty

The University Academic Honesty Code and the Tiger Cub Rules and Regulations pertaining to Cheating will apply to this class. Any violation will be treated in accordance with the student discipline code policy and procedures. **I verify all excused absences. All assignments should be your own work.** Copying another student's assignment or allowing another student to copy yours constitutes dishonesty.

Students with Disabilities

Students who need accommodations are asked to request the accommodation online and then arrange a meeting during office hours the first week of classes, or as soon as possible if accommodations are needed immediately. If you have a conflict with my office hours, an alternative time can be arranged. To set up this meeting, please contact me by e-mail. Any accommodations must go through the Program for Students with Disabilities at 1244 Haley Center, 844-2096 (V/TT). **If you need additional time for tests as an accommodation you will need to arrange for that office to proctor your exam.** Scheduling of a proctor requires one week notice and it is your responsibility to begin the process at least 10 days prior to the scheduled exam. Every effort should be made to take the exam the same day and around the same time as the class.

Calendar Revisions

The accompanying calendar is tentative. Any necessary revisions to the projected schedule will be posted promptly on Canvas and/or via e-mail. It is your responsibility to check Canvas and your Auburn e-mail account regularly.

Make-up Exams

Any student with prior knowledge of a university excused absence must arrange to take the exam **before** the scheduled exam. If an exam is missed, a make-up exam will be given only for University-approved excuses as outlined in the Auburn student handbook. Students who miss an exam because of illness need a doctor's statement for **verification of sickness** (just visiting a doctor is not enough) and should bring the original **AND A COPY** to the makeup exam. Scheduled make-up dates and times are as follows:

Exam 1: Friday, February 14th at 1:00 p.m.

Exam 2: Monday, March 17th at 1:00 p.m.

Final Exam: TBD individually

You are expected to take the make-up exam as scheduled unless you have a university excuse for this date and time. A student who misses an exam and is unexcused (see Tiger Cub for guidelines on what constitutes a university excused absence) will receive a grade of 0 on that exam. Makeup exams will be in a different format from the original exam.

STUDENT EVALUATION:

Participation and Preparation (FINC 5510 only)

Per the Student Handbook:

Students are expected to attend all their scheduled classes. College work requires regular class attendance as well as careful preparation. Specific policies regarding class attendance are the prerogative of individual faculty members. Faculty shall inform each class in writing at the beginning of the course regarding the effect of absences on the determination of grades.

You are expected to be in class and on time. I will take attendance most days (using a combination of a seating chart and roll sheet) and there may be in-class assignments. You are expected to be an active participant in the class including answering questions when called upon. There is no penalty for an excused absence. Unavoidable absences from campus must be documented and cleared with the instructor in WRITING IN ADVANCE. **Excessive absences will result in the assignment of a grade of “FA”.** Excessive absences would be more than 6 unexcused absences during the semester. Excuses for absences must be made within one week of your return to class and must be verifiable. A tardy will count as ½ of an absence. If you are tardy it is your responsibility to make sure that some indication on the seating chart or roll sheet is made otherwise you will be counted as absent.

Current Event Discussion

Several topics will be available for you to select from for your “Current Event Discussion.” You will pick one of the topics to discuss. In addition to submitting a paper copy of your discussion, you will also submit an electronic version via Canvas. The primary article must appear in the *Wall Street Journal* or the *Economist*. Background articles may be from other sources but a copy of the article must be provided.

The purpose of this assignment is two-fold: 1) to examine a current topic in the area of international finance so that you have a good understanding of the issues and can discuss the topic “intelligently with a prospective employer” and 2) it is a University initiative to expand writing across the discipline. Reflecting these purposes, your grade will be a function of the 1) content and analysis of the current topic and 2) your effectiveness in communicating this information in a professional manor. Please keep these two purposes in mind as you complete the assignment.

The written analysis should provide an analysis and review of current events on the topic being discussed. Your written analysis should be concise, correct, and complete. Think of your boss as the audience – they may not have had this course so they probably need some background to understand the current situation. It is expected that it should be no more than 5 pages in length, double-spaced with normal margins and font size. Not included in the page count should also be a bibliography of sources used. You should clearly reference these sources in the text of the paper. Please remember that this is an individual written assignment.

Grading: For Written Analysis (see general rubric for expectations – posted on Canvas)

Written Summary		Points	Earned	Comments
A. Tone and Word choice	See rubric for details	15 points		
B. Paper Style and citations	See rubric for details	15 points		
C. Structure and organization of paper	See rubric for details	20 points		
D. Content	See rubric for details	25 points		
E. Analysis and conclusions	See rubric for details	25 points		
Total points possible		100 points		

Exams

There will be two exams during the semester and one final exam consisting of short problems, multiple part problems, multiple choice, and discussion questions. Bring a financial calculator to each exam. All exams are closed book and no notes. You will be expected to learn any formulas you need to work problems. Your final exam will primarily cover material after the second mid-term and the retesting of all of the learning goals from prior exams. If there is an apparent weak area on the midterm exams (for the class as a whole) this material may also be retested on the final. Otherwise, the final exam will not be comprehensive – but it is cumulative since the material builds during the semester so a good foundation from the start is critical for success in this course.

How to Succeed in this Course (and any others)

Coming to class is not enough – a general guideline is to plan on spending 2 hours outside of class for every hour you spend in class. Here is the top ten list of common student mistakes:

1. Not coming to class.
2. Cramming – it does not work – particularly in this class.
3. Failing to review notes periodically.
4. Coming to class unprepared – Don't expect to “catch up” later.
5. Studying late at night or all night – you will need your sleep to do well on the test.
6. Not ACTIVELY reading the textbook – or even worse never reading it.
7. Not listening in class.
8. Not participating in class – Bring your calculator and textbook to class each day.
9. Not seeking help early.
10. Not working problems (see sample problems and work suggested problems before class)