南京航空航天大学
Nanjing University of Aeronautics and Astronautics

# Syllabus

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|---|---|---|---|---|---|---|
| **Course No.** | 1900812W | **College** | Economics and Management School | | **Dept.** | Economics |
| **Teacher** | Li Jie | | | | | |
| **Time** | 2021.06.21-2021.07.24 | | | | | |
| **Course Name** | **English** | International Finance | | | | |
| | **Chinese** | 国际金融 | | | | |
| **Course hours** | **Total** | **Theory** | **Experiment** | **Office Hour and Practice** | | **Credits** |
| | 70 | 60 | | 10 | | 4.0 |

**Course description**: Describe the nature, academic status, and aims of the course (theory, ability and technique)

1. Course nature and academic status

International Finance is a compulsory course for students in finance majors. This course introduces students to International Finance and equips them with tools and methods to study and analyze international economic issues and problems. Topics include: the foreign exchange market, balance of payments, international investment and banking, monetary and fiscal policy in an open economy, economic integration and monetary unification and the international monetary system.

2. Course aims (theory, ability and technique)

Students should have a good understanding of the main analytical tools and policy issues in International Finance. Students will learn concepts that are useful when interviewing with or working in an investment bank. As a result of taking this course:

(1) Students are supposed to understand main theories in international finance field, such like M-F model, overshooting model, et. They should have systemic understanding of the realization of internal and external equilibrium for an open economy.

(2) Students are expected to have practical skills in international financial markets. They should know the principles of the market functioning and understand the basic kind of derivatives used to speculate or hedge risk on the foreign exchange market. They are supposed to demonstrate knowledge of currency derivative contracts and the use of such contracts for hedging foreign currency risk.

**Requirements for courses; ability and knowledge in advance**

Micro economics; Macro economics; Counting; Money and Banking

**Course structure explanation**:
Make clear the necessary parts, optional parts, distribution of hours. Courses with experiments or practice are expected to explain hours needed, content, scheme and functions.

Necessary parts: 42 hours

1. Payments among nations 4 hours
   - The recording of payments among nations
   - Reading BOP
   - The macro meaning of current account balance, overall balance
   - The international investment position
2. The foreign exchange markets 8 hours
   - The basics of currency trading
   - Demand and supply for foreign exchange
   - Arbitrage within spot exchange market
3. Forward exchange and international financial investment 8 hours
   - Exchange rate risk
   - Forward
   - International investment with cover
   - International investment without cover
   - Futures
   - Options
4. Theory on the determination of foreign exchange 4 hours
   - Interest rate parity
   - Purchasing power parity
   - The monetary approach
   - Exchange rate overshooting
5. Government policies toward the foreign exchange market 6 hours
   - Rate flexibility and restrictions on use
   - Fixed exchange rate
   - Floating exchange rate
   - Defense through official intervention
   - Exchange control
   - International currency experience
6. Internal and external balance with fixed exchange rates 6 hours
   - From the balance of payments to the money supply
   - From the money supply back to the balance of payments
   - Monetary policy with fixed exchange rates

Fiscal policy with fixed exchange rates
Shocks to the economy
Imbalances and policy response
the trade balance respond to changes in the exchange rate

7. Floating exchange rates and internal balance 6 hours
Monetary policy with floating exchange rates
Fiscal policy with floating exchange rates
Shocks to the economy
Internal imbalance and policy responses
International macroeconomic policy

II. Optional parts 6 hours
International lending and financial crises
The frame to analyze how the open macroeconomy work
National and global choices: floating rates and the alternatives

**Teaching methods (Lectures, practice, etc)**

In congruence with the teaching and learning strategy of the university, the following tools are used:
1. In-class discussion of numerical and conceptual exercises as well as real life examples that help the lecturer to illustrate the fundamental concepts of the course. Students are expected to be prepared to present their views and answers to their peers.
2. In-class discussion of current economic and financial developments that aim to enhance students' analytical and critical capabilities as well as their understanding of the global financial markets.
3. In-class discussion of journal articles to expand exposure on course content beyond the textbook, and to trigger discussions on global financial issues. Students are expected to be prepared and they are encouraged to present their views on these issues.
4. Use of power point and videos.

**Forms of examination and requirements**
**Structure of the final grade(including presence, class performance, ), focus of exam, forms of exam(test, interview, final report, etc)**

Attendance and Participation 10%
Homework Assignments 20%
Major Paper 20%
Final Exam 50%
Attendance will be marked each class. Students will complete two assignments throughout the semester which will be graded and returned. A major paper of roughly 3000 words is required and the topics will be given in week 2.

| | Name | Publisher | Author | Year | Price |
|---|---|---|---|---|---|
| **Textbook** | International finance (14 edition) | 中国人民大学出版社 | Thomas A. Pugel | 2009 | 35 CNY |

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|---|---|---|---|---|---|
| **References** | **Name** | **Publisher** | **Author** | **Year** | **Price** |
| | International finance (3 edition) | 中国人民大学出版社 | Keith Pilbeam | 2009 | 45 CNY |
| | Fundamentals of Multinational Finance | 机械工业出版社 | Michael H. Moffett | 2012 | |
| **Website** | **http://e.nuaa.edu.cn/eol/homepage/common/** | | | | |
| **Course members** | **Jie Li, Longjie Xiao** | | | | |
| **College** | Economics and Management School | | | | |