

ECON 4355 Global Financial Economics

Fall 2015

T-Th, 4:35-5:55 pm IC 115

<i>Instructor:</i>	<i>Professor Christine Ries</i>
<i>Office:</i>	<i>Old Civil Engineering (CE) building at 221 Bobby Dodd Way</i>
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<i>Office Hours:</i>	<i>By appointment. Generally available before class.</i>
<i>Teaching Assistant:</i>	<i>Vitor Kamada</i>
<i>Required Materials:</i>	<i><u>Fundamentals of International Finance</u> by Crum, Brigham and Houston. Thomson Publishers, 2005. Available at GT Bookstore.</i>

Course Overview

This course examines the system of markets and institutions for exchange of capital, money, and goods, in the global marketplace. It examines these from the perspective of a corporate investment in a cross border and cross currency business. Students will learn how to place a value on an international investment and how that value depends on conditions in the national economies that affect the investment.

Students will gain a solid understanding of the basic relationships between prices and rates in the global markets. We will apply our understanding about these relationships to the role of global finance and investment in global business enterprises. We will apply these concepts through discussion of case studies provided in the textbook and by building spreadsheets to be used for analysis and concept application.

The course is intended to give students interested in global financial issues a working knowledge of how **global financial economic system analytics** can be used to understand or forecast the effects of system changes on the value of private sector institutions. It is designed for students interested in learning how to assess corporate investment decisions in the context of a global economy. Grades on exams and exercises and your grade in the class will depend on your demonstrated ability to make such assessments.

Students should have a college level understanding of microeconomics and macroeconomics. Completion of ECON2105 and 2106 or ECON2100 is absolutely required.

The textbook for this course is Fundamental of International Finance by Crum, Brigham and Houston, Thomson, 2005. (ISBN 0-324-1006-3). There is no e-text available for this book and it will be available in hard copy in the bookstore. The text includes self-test and practice problems. Students will use these for self-test in preparation for class. Graded homework and graded in-class quizzes will assess progress on mastery of knowledge conceptual material. In class quizzes will also test mastery and in class work on case studies and new articles will provide application, reflection, and creative solutions work for deeper and more lasting learning.

Attendance and preparation for class and participation in class laboratory and design work is essential.

There will be assignments prior to each class, lecture, discussion and quizzes in class, and a team-based laboratory period for coached application of the concepts.

Class laboratory assignments will comprise 25% of the course grade. (Team members will share a grade).

There will be five exams and an individual final report. There will be no final exam. There will be no makeup tests for any reason. (Let me know beforehand if GT requires you to be away from campus on a test day. Similarly, for test days only email me immediately if you have a documented and serious personal or family emergency). Each exam will account for 8% of the course grade as will the final report. The final report and short presentation will be done in teams with presentations in class during Dead Week. Students will review economic news in periodicals such as the Wall Street Journal throughout the course. You

will select an article that illustrates one of the issues, methods or topics covered in the course and prepare and present a short report on this issue as it is illustrated in the article.

Attendance points are 20% of the course grade. All attendance points are given with two or fewer absences. (Attendance will be taken.) With three or four absences 50% of attendance points will be given. No attendance points are given with five or more absences.

The range required for a given grade is the usual 90 and up for an A, 80-89 for a B, 70-79 for a C, and 60-69 for a D. I may curve the overall grade, but only after the final exam.

Grade distributions are as follows:

Attendance points	20%
Exams (five)	40%
Homework	10% (can drop TWO homework quiz grades)
In class laboratories	25% (spreadsheets completed in class with team)
Final exercise	5%

This is a challenging course with advanced material and application. You will not do well in the course unless you attend nearly all classes and complete all work on time. **Late submissions will not be accepted, even for partial credit.** At the end of the class, I will review your scores and may curve the grade distribution upward to reflect work done and your achievement of class goals.

All students are responsible for lecture material or announcements made in class. Check with class partners or colleagues if you must miss a class and ask them to take notes for you. I will not cover material for individual students if they have missed a class.

All important announcements, changes in schedule etc. will be posted to t-square.

The Georgia Tech Honor Code will be strictly enforced. If you have any questions about application of the Code and which assignments are to be completed individually, please ask.

I support Georgia Tech's program for students with disabilities. Please bring paperwork to me after class so that we can discuss accommodation.

Class Schedule: (may be changed with prior announcement)

1	T	18-Aug		Course Intro
2	Th	20-Aug		Overview Discussion of Global Financial Economics
3	T	25-Aug	Chpt 1	Topic and Textbook Intro - Chapter 1
4	Th	27-Aug	Chpt 2	Exchange rate, currency markets, institutions
5	T	1-Sep		Exchange rate, currency markets, institutions
6	Th	3-Sep	Chpt 3	Exchange Rate Analysis
7	T	8-Sep		Exchange Rate Analysis
8	Th	10-Sep		EXAM 1
9	T	15-Sep	Chpt 4	Investment abroad and process of international expansion
10	Th	17-Sep		Investment abroad and process of international expansion
11	T	22-Sep	Chpt 5	Risk/return in international environment
12	Th	24-Sep		Risk/return in international environment
13	T	29-Sep		EXAM 2
14	Th	1-Oct	Chpt 6	Financial Statement Analysis
15	T	6-Oct		Financial Statement Analysis
16	Th	8-Oct	Chpt 7	Financial Statement Translation
	T	13-Oct	FALL BREAK	
17	Th	15-Oct	Chapter 7	Financial Statement Translation
18	T	20-Oct		EXAM 3
19	Th	22-Oct	Chpt 8	Debt Markets
20	T	27-Oct		Debt Markets
21	Th	29-Oct	Chpt 9	Equity Markets
22	T	3-Nov		Equity Markets
23	Th	5-Nov		EXAM 4
24	T	10-Nov		Online Exercise
25	Th	12-Nov	Chpt 10	Cost of capital
26	T	17-Nov		Cost of capital
27	Th	19-Nov	Chpt 11	Capital budgeting methodology
28	T	24-Nov		EXAM 5
	Th	27-Nov		Thanksgiving break
29	T	1-Dec		Team Reports
30	Th	3-Dec		Team Reports