

EF4471: INTERNATIONAL FINANCE

Effective Term

Semester A 2022/23

Part I Course Overview

Course Title

International Finance

Subject Code

EF - Economics and Finance

Course Number

4471

Academic Unit

Economics and Finance (EF)

College/School

College of Business (CB)

Course Duration

One Semester

Credit Units

3

Level

B1, B2, B3, B4 - Bachelor's Degree

Medium of Instruction

English

Medium of Assessment

English

Prerequisites

EF3441 Intermediate Macroeconomics and
EF3440 Microeconomics for Business Strategy or EF3442 Intermediate Microeconomics

Precursors

Nil

Equivalent Courses

Nil

Exclusive Courses

Nil

Part II Course Details

Abstract

This course explores the characteristics of international financial markets and their role in affecting international investment decisions. In particular, the first part of the course focuses on the analysis of the main features of foreign exchange (FX) markets and introduces the main frameworks used to model and forecast exchange rates. Then, the second part of the course explores the design and management of international portfolios of equities. This analysis is extended to cover both strategic and tactical allocation concepts and a brief introduction to FX risk management. The course also encourages discovery learning. In fact, students strengthen their discovery skills when analyzing the strengths and weaknesses of economic models for understanding the various issues, for example, on exchange rate markets and international portfolio management.

Course Intended Learning Outcomes (CILOs)

	CILOs	Weighting (if app.)	DEC-A1	DEC-A2	DEC-A3
1	Analyze and reflect on the structure of FX markets, their institutional characteristics and their instruments. Derive the international parity conditions that link exchange rates, interest rates, and price levels and apply them to forecast and explain exchange rate movements. Students are encouraged to discover the characteristics of FX markets and make decisions based on in-depth reflection, criticism, and assessment.	40	x	x	x
2	Value international equities, construct and manage portfolio of international securities. Students will be able to analyze scenarios related to real life issues and give comments on current issues by discovering the underlying concepts and economics theories.	40	x	x	x
3	Set up investment strategies in the context of international portfolios. Innovative solutions are encouraged to develop students' critical thinking and their ability to solve problems related to the management of international portfolios.	20	x	x	x

A1: Attitude

Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2: Ability

Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to real-life problems.

A3: Accomplishments

Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

Teaching and Learning Activities (TLAs)

	TLAs	Brief Description	CILO No.	Hours/week (if applicable)
1	Lectures	The lectures encourage students to think critically and logically by interactively discussing the main issues. Real-world examples are discussed in the lectures to help students understand the current global macroeconomic issues through the lenses of the theoretical and empirical framework proposed in the literature.	1, 2, 3	3 hours lecture per week
2	Mid-term and Final Examination	The examinations contain both numerical questions and short essay questions. Both of them test students' ability to understand, discover and innovate. Students will have to demonstrate to be able to master not only the details of the quantitative frameworks discussed in the course but also the big picture of what they learn.	1, 2, 3	

Assessment Tasks / Activities (ATs)

	ATs	CILO No.	Weighting (%)	Remarks (e.g. Parameter for GenAI use)
1	Midterm Examination (1 hour)	1, 2, 3	35	
2	In-class work	1, 2, 3	10	
3	News Presentation	1, 2, 3	5	

Continuous Assessment (%)

50

Examination (%)

50

Examination Duration (Hours)

2

Additional Information for ATs

Students are required to pass both coursework and examination components in order to pass the course.

Assessment Rubrics (AR)

Assessment Task

Final Examination (2 hours)

Criterion

UNDERSTANDING and USE of knowledge to SOLVE various problems ACCURATELY

Excellent (A+, A, A-)

High

Good (B+, B, B-)

Significant

Fair (C+, C, C-)

Moderate

Marginal (D)

Basic

Failure (F)

Not even reaching marginal levels

Assessment Task

Midterm Examination (1 hour)

Criterion

UNDERSTANDING and USE of knowledge to SOLVE various problems ACCURATELY

Excellent (A+, A, A-)

High

Good (B+, B, B-)

Significant

Fair (C+, C, C-)

Moderate

Marginal (D)

Basic

Failure (F)

Not even reaching marginal levels

Assessment Task

In-class Work

Criterion

ABILITY to EXPLAIN in DETAILS

ABILITY to APPLY the theories to analyze real world issues

Excellent (A+, A, A-)

High

Good (B+, B, B-)

Significant

Fair (C+, C, C-)

Moderate

Marginal (D)

Basic

Failure (F)

Not even reaching marginal levels

Assessment Task

News Presentation

Criterion

ABILITY TO FIND, EXPLAIN AND ADDRESS THE IMPORTANCE OF WHAT IS CURRENTLY HAPPENING IN THE FINANCIAL WORLD

Excellent (A+, A, A-)

High

Good (B+, B, B-)

Significant

Fair (C+, C, C-)

Moderate

Marginal (D)

Basic

Failure (F)

Not even reaching marginal levels

Part III Other Information

Keyword Syllabus

International diversification, FX markets: structure and institutions, Spot FX rate determination and forecasting, Global equity analysis, Global performance evaluation, Global Strategic and Tactical Asset Allocation, Introduction to FX risk management.

Reading List

Compulsory Readings

	Title
1	Richard M. Levich (2001), International Financial Markets: Prices and Policies, 2nd Edition, McGraw-Hill
2	Bruno Solnik and Dennis McLeavey (2004), International Investments, 5th Edition, Pearson-Addison Wesley
3	any additional readings recommended in class.

Additional Readings

	Title
1	Lecture notes, newspaper clippings, articles.Websites from the IMF, BIS and the Hong Kong Monetary Authority.