



Course and Examination Fact Sheet: Spring Semester 2018

8,176: International Finance

ECTS credits: 4

Overview examination/s

(binding regulations see below)

Decentral - Written examination (80%, 90 mins.)

Decentral - Group examination paper (all given the same grades) (20%)

Attached courses

Timetable -- Language -- Lecturer

[8,176,1.00 International Finance](#) -- Englisch -- [von Wyss Heinrich](#), [Orlov Vitaly](#)

Course information

Course prerequisites

Prerequisite for 8,176 International Finance is the material of the compulsory subjects of the MBF program.

Course content

The predominant focus of first part of the course is Prof. Dr. Vitaly Orlov's Global Foreign Exchange (FOREX), from a macro-finance perspective. Particular attention is given to foreign exchange mediated links (FOREX) and related global capital markets. Also, the course covers relevant topics on the exchange of exchange rates, the efficiency of currency markets (and the associated risks), and some recent policy debates relevant to these markets. The focus of the first part is on a "big picture" overview. The second part of the course (Dr. Rico von Wyss) is rather a practitioner-oriented overview. Declining costs for transportation, communication and computing are drivers of globalization. Our businesses, companies and investments are becoming more and more interconnected across borders. HOWEVER, this deals with different currencies, segmented goods markets, different sovereign countries with their own judicial and tax systems. These issues differ across the world as they relate to the financial management of a multinational company. International Finance wants to describe this international environment, the FX prediction and the management of the risks involved. contractual and economic exposure to exchange rates, credit risk and political risk. International Finance wants to describe this international environment, the FX prediction and the management of the risks involved. contractual and economic exposure to exchange rates, credit risk and political risk. International Finance wants to describe this international environment, the FX prediction and the management of the risks involved.



Course structure

Topic	Lecturer
<p>Introduction to FOREX, exchange rates and institutional structure</p> <ul style="list-style-type: none">• Institutional arrangements governing trading in foreign exchange (FOREX) markets• Summary statistics on recent trading patterns in the world's major currencies• Operational structure of the FOREX market• The nature and role of FOREX market participants• The rise of electronic trading platforms in FOREX markets<ul style="list-style-type: none">• Potential Consequences for the behavior of exchange rates• Cryptocurrencies• (Groups are formed and topics are distributed)	V. Orlov
<p>Market Efficiency in the foreign exchange market and the forward bias puzzle</p> <ul style="list-style-type: none">• Purchasing power parity and interest rate parity• Evidence of systematic ability to earn excess returns in FOREX markets• The source of these returns, the so-called forward bias puzzle• Currency trading strategies in foreign exchange markets• Covered interest arbitrage and its robustness during periods of market stress	V. Orlov
<p>Exchange rate regimes: some classifications and stylized facts</p> <ul style="list-style-type: none">• Classification of exchange rate regimes• Rational for regime choice. To what extent do such classifications matter for macroeconomic performance?• The mechanisms and impact of market intervention in FOREX markets by Central Banks	V. Orlov
<p>Evaluating and explaining the forward premium puzzle</p> <ul style="list-style-type: none">• Uncovered interest parity• Speculative carry trade strategies and the evidence for the existence of time varying risk premium in currency markets, with a focus on liquidity risk• Conventional and alternative asset pricing explanations linked to risk factors• The phenomena of crash risk and liquidity risk in FOREX trading	V. Orlov
<p>Measuring exposure</p> <ul style="list-style-type: none">• - Contractual exposure	R. von Wyss



<ul style="list-style-type: none">• - Economic exposure• - Translation exposure	
Contractual exposure and hedging	R. von Wyss
<ul style="list-style-type: none">• - Measuring the exposure• - Comparison of hedging instruments• - Case study Brabant Bus Company	
Prediction and currency strategy (Guest lecture by Vontobel Asset Management)	S. Schubert
International bond financing	R. von Wyss
<ul style="list-style-type: none">• - Deposits & loans• - Bonds & commercial paper• - Fees & spreads	
Cross listings	R. von Wyss
<ul style="list-style-type: none">• - The use of cross listings• - Costs and benefits of cross listings• - Empirical evidence	
Credit Risk in International Trade	R. von Wyss
<ul style="list-style-type: none">• - Documents against payment• - Documents against acceptance• - Letter of credit• - Case Belco Global Foods	

Course literature

Compulsory material is the slides as well as the papers and the cases discussed in class. All material wants to be made available on StudyNet. The course materials consist of: PowerPoint / PDF slides of lectures, Supplementary notes to accompany lecture material (as appropriate), Case Studies / Project Questions, Recommended Readings.

Lecturers are asked about their favorite book. Rico von Wyss's favorite book on international finance management is:

Sercu, P. (2009). International Finance: Theory into Practice. Princeton University Press.

However, it goes beyond the scope of 8.176 International Finance.

For a more international oriented investment approach you might read:

Solnik, B. and D. McLeavey (2013): Global Investments. Pearson, 6th ed.



You do not have to read any book for 8,176 International Finance.

Additional course information

All students must complete a compulsory term paper as part of a group. The presentation and term paper topics are distributed in class or selected from the topics related to current issues in international finance. All members of the group must actively participate in a term paper. The completed term paper is processed in size 12 font and must be between 1,800-2,000 words in length. The word limit includes footnotes and any appendices but excludes references, diagrams and tables. Appropriate referencing must be included in any generally accepted referencing format. The final word count must be indicated on the cover page of the submitted term paper. The maximum word-limit wants to be strictly adhered to in the marking process.

Examination information

Examination sub part/s

1. Examination sub part (1/2)

Examination time and form

Decentral - Written examination (80%, 90 mins.)

Remark

--

Examination-aid rule

Extended Closed Book

The use of aids is limited; any additional aids permitted are exhaustively listed under "Supplementary aids". Basically, the following is applicable:

- At such examinations, all the pocket calculators of the Texas Instruments TI-30 series and mono- or bilingual dictionaries (no subject-specific dictionaries) without hand-written notes are admissible. Any other pocket calculator models and any electronic dictionaries are inadmissible.
- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as notebooks, tablets, PDAs, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

Supplementary aids

--

Examination languages

Question language: English

Answer language: English

2. Examination sub part (2/2)



Examination time and form

Decentral - Group examination paper (all given the same grades) (20%)

Remark

--

Examination-aid rule

Term papers

- Term papers must be written without anyone else's help and in accordance with the known quotation standards, and they must contain a declaration of authorship.
- The documentation of sources (quotations, bibliography) has to be done throughout and consistently in accordance with the APA or MLA standards. The indications of the sources of information taken over verbatim or in paraphrase (quotations) must be integrated into the text in accordance with the precepts of the applicable quotation standard, while informative and bibliographical notes must be added as footnotes (recommendations and standards can be found, for example, in METZGER, C. (2015), Lern- und Arbeitsstrategien (11th ed., 4th printing). Aarau: Sauerländer).
- For any work written at the HSG, the indication of the page numbers both according to the MLA and the APA standard is never optional.
- Where there are no page numbers in sources, precise references must be provided in a different way: titles of chapters or sections, section numbers, acts, scenes, verses, etc.
- For papers in law, the legal standard is recommended (by way of example, cf. FORSTMOSER, P., OGOREK R. et SCHINDLER B. (2014, Juristisches Arbeiten: Eine Anleitung für Studierende (5. Auflage), Zürich: Schulthess, or the recommendations of the Law School).

Supplementary aids

--

Examination languages

Question language: English

Answer language: English

Examination content

The final grades consist of:

- A term paper, ~ 2000 words: 20%
- A final written exam, 90 minutes, extended closed book: 80%

Examination relevant literature

Relevant for the exam are:

- Material covered in class
- Compulsory readings
- Guest lecture
- Case studies



Please note

We would like to point out to you that this fact sheet has absolute priority over other information such as StudyNet, faculty members' personal databases, information provided in lectures, etc.

When will the fact sheets become binding?

- Information about courses and examination time (central/decentral and grading form): from the start of the bidding process on 25 January 2018
- Information about decentral examinations (examination-aid rule, examination content, examination relevant literature): after the 4th semester week on 19 March 2018
- Information about central examinations (examination-aid rule, examination content, examination relevant literature): from the start of the enrolment period for the examinations on 09 April 2018

Please look at the fact sheet once more after these deadlines have expired.