

# International Finance and Banking

EF4331, City University of Hong Kong, Semester B 2017/18

**Meeting Time::** Friday, 15:00 – 17:50  
**Location:** AC1 LT-14  
**Instructor:** Shenje Hsieh (shshieh@cityu.edu.hk)  
**Teaching Assistant:** Xingdi Tian (xingdtian2-c@my.cityu.edu.hk)  
**Office Hours:** 9-239, 9/F Lau Ming Wai Academic Building  
Friday, 13:00 – 15:00  
**Websites:** <https://canvas.cityu.edu.hk/>  
<http://www.shenje.com/teaching.html>

## Description

This course provides an introduction to international finance and banking. The goal of this course is:

- To analyze the determinants of exchange rates and the trading in foreign exchange markets
- To provide institutional knowledge on commercial banking, central banking, and bank regulations
- To examine the financial instruments that facilitates management of foreign exchange risks for international businesses

## Recommended Textbook (Optional)

Eun, C.S. and Resnick, B.G., 2014. *International Financial Management*, 7th Edition, Tata McGraw-Hill Education.

This textbook serves as a reference for the course. However, it is not required to master the course material. Exam questions will only cover topics mentioned in the lecture notes and in group assignments.

## Grades

Problem Sets (Homework Assignments 5% and In-class Midterm 15%)	20%
Essays (i.e., Case Studies)	20%
Final Exam	60%

## Group Assignments

Both homework assignments and essays are to be completed in groups. Each group should have at least 3 but no more than 5 students. Please inform the teaching assistant of your group members. Those who cannot find groups will be randomly formed into groups by the instructor. All homework assignments and essays should be submitted through the Canvas system. Each group only needs to submit one write-up.

## Course Outline

### Background

Session 1	<i>Friday, 19 January 2018</i> Lecture: Introduction to International Finance and Banking Textbook: Ch. 1 , 5
Session 2	<i>Friday, 26 January 2018</i> Lecture: Exchange Rates and Foreign Exchange Markets Textbook: Ch. 3 Problem Set 1 Due

### Exchange Rate Determination

Session 3	<i>Friday, 2 February 2018</i> Lecture: An Asset Approach to the Exchange Rate Textbook: Ch. 6 Problem Set 2 Due
Session 4	<i>Friday, 9 February 2018</i> Lecture: Monetary Policy and Exchange Rate Determination Textbook: Ch. 6
Holiday	<i>Friday, 16 February 2018</i>
Session 5	<i>Friday, 23 February 2018</i> Lecture: Purchasing Power Parity Textbook: Ch. 2 Problem Set 3 Due
Session 6	<i>Friday, 2 March 2018</i> Midterm Review Session Case Study 1 Due: Bank for International Development
Session 7	<i>Friday, 9 March 2018</i> MIDTERM

### Exchange Rate Regimes and the Macro-economy

Session 8	<i>Friday, 16 March 2018</i> Lecture: Flexible Exchange Rates and Output in the Short Term Textbook: Ch. 2 Case Study 2 Due: Genset
Session 9	<i>Friday, 23 March 2018</i> Lecture: Managed and Fixed Exchange Rates Textbook: Ch. 2 Problem Set 4 Due

**Foreign Exchange Derivatives**

Session 10	<i>Friday, 30 March 2018</i> Lecture: Currency Futures Textbook: Ch. 7 Problem Set 5 Due
Session 11	<i>Friday, 6 April 2018</i> Lecture: Swaps Textbook: Ch. 14 Problem Set 6 Due
Session 12	<i>Friday, 13 April 2018</i> Lecture: Options Textbook: Ch. 7 and 8 Case Study 3 Due: J.P. Morgan's Mexican Debt
Session 13	<i>Friday, 20 April 2018</i> Lecture: TBD
Session 14	<i>Friday, 27 April 2018</i> Lecture: Final Exam Review Session