

**City University of Hong Kong
Course Syllabus**

**offered by Department of Economics and Finance
with effect from Semester B 2017/18**

Part I Course Overview

Course Title:	International Finance
Course Code:	EF4471
Course Duration:	1 Semester
Credit Units:	3
Level:	B4
Proposed Area: <i>(for GE courses only)</i>	<input type="checkbox"/> Arts and Humanities <input type="checkbox"/> Study of Societies, Social and Business Organisations <input type="checkbox"/> Science and Technology
Medium of Instruction:	English
Medium of Assessment:	English
Prerequisites: <i>(Course Code and Title)</i>	EF3441 Intermediate Macroeconomics and EF3440 Microeconomics for Business Strategy or EF3442 Intermediate Microeconomics
Precursors: <i>(Course Code and Title)</i>	Nil
Equivalent Courses: <i>(Course Code and Title)</i>	Nil
Exclusive Courses: <i>(Course Code and Title)</i>	Nil

Part II Course Details

1. 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.

2. Course Intended Learning Outcomes (CILOs)

(CILOs state what the student is expected to be able to do at the end of the course according to a given standard of performance.)

No.	CILOs [#]	Weighting* (if applicable)	Discovery-enriched curriculum related learning outcomes (please tick where appropriate)		
			A1	A2	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 percent	√	√	√
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 percent	√	√	√
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 percent	√	√	√
		100%			

* If weighting is assigned to CILOs, they should add up to 100%.

Please specify the alignment of CILOs to the Gateway Education Programme Intended Learning outcomes (PILOs) in Section A of Annex.

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 self-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.

3. Teaching and Learning Activities (TLAs)

(TLAs designed to facilitate students' achievement of the CILOs.)

TLA	Brief Description	CILO No.			Hours/week (if applicable)
		1	2	3	
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.	√	√	√	3 hours lecture per week
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.	√	√	√	

4. Assessment Tasks/Activities (ATs)

(ATs are designed to assess how well the students achieve the CILOs.)

Assessment Tasks/Activities	CILO No.			Weighting*	Remarks
	1	2	3		
Continuous Assessment: 50%					
Midterm Examination (1 hour)	√	√	√	35%	
In-class work	√	√	√	10%	
News Presentation	√	√	√	5%	
Examination: 50% (duration: 2 hours, if applicable)					
Final exam	√	√	√	50%	
				100%	

* The weightings should add up to 100%.

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

5. Assessment Rubrics

(Grading of student achievements is based on student performance in assessment tasks/activities with the following rubrics.)

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B, B-)	Fair (C+, C, C-)	Marginal (D)	Failure (F)
Final Examination (2 hours)	UNDERSTANDING and USE of knowledge to SOLVE various problems ACCURATELY	High	Significant	Moderate	Basic	Not even reaching marginal levels
Midterm Examination (1 hour)	UNDERSTANDING and USE of knowledge to SOLVE various problems ACCURATELY	High	Significant	Moderate	Basic	Not even reaching marginal levels
In-class Work	ABILITY to EXPLAIN in DETAILS ABILITY to APPLY the theories to analyze real world issues	High	Significant	Moderate	Basic	Not even reaching marginal levels
News Presentation	ABILITY TO FIND, EXPLAIN AND ADDRESS THE IMPORTANCE OF WHAT IS CURRENTLY HAPPENING IN THE FINANCIAL WORLD	High	Significant	Moderate	Basic	Not even reaching marginal levels

Part III Other Information (more details can be provided separately in the teaching plan)

1. 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.

2. Reading List

2.1 Compulsory Readings

(Compulsory readings can include books, book chapters, or journal/magazine articles. There are also collections of e-books, e-journals available from the CityU Library.)

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.

2.2 Additional Readings

(Additional references for students to learn to expand their knowledge about the subject.)

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