



FACULTY OF BUSINESS
BACHELOR OF ACCOUNTING
LEARNING MODULE OUTLINE

Academic Year	2023/2024	Semester	2
Module Code	ECON3120-321		
Learning Module	International Finance		
Pre-requisite(s)	Nil		
Medium of Instruction	English		
Credits	3	Contact Hours	45
Instructor	Prof. Jim H. KWAN	Email	jhkwan@mpu.edu.mo
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MODULE DESCRIPTION

This module introduces the background on international financial markets. Emphasis will be placed on international markets and conditions from a macroeconomics perspective, focusing on external forces that can affect the value of an MNC (multi-national corporation), and from a microeconomic perspective that focus on how the financial management of an MNC can affect its value. Topics include: Economic exposure to “exchange risk”; hedging and speculation; offshore financing dealings in Eurocurrency; Eurobonds and international equity markets; international banking.

MODULE INTENDED LEARNING OUTCOMES (ILOS)

On completion of this learning module, students will be able to:

M1.	Identify the current multinational challenges and the global economic environment.
M2.	Analyse the international flow of funds and the Balance of Payments.
M3.	Apply international economic theories to forecast foreign exchange rates.
M4.	Utilize foreign currency derivatives such as futures, forward, options and swaps to evaluate hedging and speculation scenarios.
M5.	Examine the effects of macroeconomic policies on open economies.
M6.	Manipulate the strategies to finance and international banking.



These ILOs aims to enable students to attain the following Programme Intended Learning Outcomes (PILOs):

PILOs	M1	M2	M3	M4	M5	M6
P1. Integrate the contemporary theories, principles of accounting and business disciplines relevant to general business practice.						
P2. Assess general business scenarios with mathematical and statistical skills.						
P3. Apply critical thinking and logical analysis skills and techniques to solve business problems.	✓	✓	✓	✓	✓	✓
P4. Interpret and analyze accounting information for internal control, planning, performance evaluation, and coordination to continuously improve business process.						
P5. Apply accounting or business software for business analysis.						
P6. Develop queries to assess management information from database to improve efficiency and effectiveness.	✓	✓	✓	✓	✓	✓
P7. Synthesize the latest requirement of international accounting and auditing standards in preparing financial statements and auditing reports.						
P8. Utilize appropriate written and spoken forms to communicate effectively with stakeholders in various cultural environments.						
P9. Recommend an appropriate course of action by ethically examining the economic, environmental, political, legal and regulatory contexts of global business practice.	✓	✓	✓	✓	✓	✓
P10. Utilize the latest empirical findings and academic studies to support the recommendation of business projects.	✓	✓	✓	✓	✓	✓

MODULE SCHEDULE, COVERAGE AND STUDY LOAD

Week	Content Coverage	Chapter	Contact Hours (Monday)
1	The International Economy and Globalization -Economic Interdependence: Federal Reserve Policy Incites Global Backlash -Waves of Globalization -Why is Globalization Important? -Globalization and Competition -Common Fallacies of International Trade -Is International Trade an Opportunity or a Threat to Workers? -Has Globalization Gone Too Far?	1	8 Jan 2024 3 hours
2	The Balance-of-Payments -Double Entry Accounting -Balance-of-Payments Structure -U.S. Balance-of-Payments -What Does a Current Account Deficit (or Surplus) Mean?	10	15 Jan 2024 3 hours
3	The Balance-of-Payments (con't) -Balance of International Indebtedness	10,11	22 Jan 2024 3 hours



	<ul style="list-style-type: none"> -The (U.S.) Dollar as the World's Reserve Currency Foreign Exchange -Foreign Exchange Market -Types of Foreign Exchange Transactions -Interbank Trading -Reading Foreign Exchange Quotations -Forward and Futures Markets -Foreign Currency Options 		
4	<ul style="list-style-type: none"> Foreign Exchange (con't) -Exchange Rate Determination -Indexes of the Foreign Exchange Value of the (U.S.) Dollar -The Forward Market -Interest Arbitrage, Currency Risk, and Hedging -Foreign Exchange Market Speculation -Foreign Exchange Trading as a Career 	11	29 Jan 2024 3 hours
5	<ul style="list-style-type: none"> Exchange Rate Determination -What Determines Exchange Rates? -Determining Long Run Exchange Rates -Inflation Rates, Purchasing Power Parity, and Long Run Exchange Rates -Determining Short Run Exchange Rates: The Asset Market Approach 	12	5 Feb 2024 3 hours
6	<ul style="list-style-type: none"> Exchange Rate Determination (con't) -Exchange Rate Overshooting -Forecasting Foreign Exchange Rates <p>Test 1 (Chapters 1, 10, 11) – 2nd Half of Class</p>	12, Test 1	19 Feb 2024 3 hours
7	<ul style="list-style-type: none"> Mechanisms of International Adjustment (Supplementary) -Price Adjustments -Financial Flows and Interest Rate Differentials -Income Adjustments 	12A	26 Feb 2024 3 hours
8	<ul style="list-style-type: none"> Mechanisms of International Adjustment (Supplementary) (con't) -Disadvantages of Automatic Adjustment Mechanisms -Monetary Adjustments Exchange Rate Adjustments and the Balance-of-Payments -Effects of Exchanges Rate Changes on Costs and Prices -Cost-cutting Strategies of Manufacturers in Response to Currency Appreciation 	12A, 13	4 Mar 2024 3 hours
9	<ul style="list-style-type: none"> Exchange Rate Adjustments and the Balance-of-Payments (con't) -Will Currency Depreciation Reduce a Trade Deficit? -J-Curve Effect -Exchange Rate Pass-Through -The Absorption Approach to Currency Depreciation -The Monetary Approach to Currency Depreciation 	13	11 Mar 2024 3 hours
10	<ul style="list-style-type: none"> Exchange Rate Systems and Currency Crises -Exchange Rate Practices and Choosing an Exchange Rate System -Fixed Exchange Rate System -Floating Exchange Rates and Managed Floating Rates -The Crawling Peg 	14	18 Mar 2024 3 hours



	-Currency Manipulation and Currency Wars		
11	Exchange Rate Systems and Currency Crises (con't) -Capital Controls -Increasing the Credibility of Fixed Exchange Rates Test 2 (Chapters 12, 12A, 13) – 2nd Half of Class	14, Test 2	25 Mar 2024 3 hours
12	Macroeconomic Policy in an Open Economy -Economic Objectives of Nations -Policy Instruments -Aggregate Demand and Aggregate Supply -Monetary and Fiscal Policy in Closed and Open Economies -Macroeconomic Stability and the Current Account	15	Makeup class 3 April 2024 (Wed) 14:30-17:30 3 hours
13	Macroeconomic Policy in an Open Economy (con't) -Inflation with Unemployment -International Economic Policy Coordination International Banking: Reserves, Debt, and Risk -Nature of International Reserves -Demand for and Supply of International Reserves -Foreign currencies, Gold and Special Drawing Rights	15,17	8 April 2024 3 hours
14	International Banking: Reserves, Debt, and Risk (con't) -Facilities for Borrowing Reserves -International Lending Risk -The Problem of International Debt -Reducing Bank Exposure to Developing Nation Debt -The Eurodollar Market	17	15 April 2024 3 hours
15	Final Exam	ALL	3 hours

*THE ABOVE ARE PRELIMINARY TIME ASSIGNMENT FOR EACH TOPIC, AND WOULD BE MODIFIED IN ACCORDANCE WITH THE ACTUAL PROGRESS IN CLASS IN THE LIGHT OF STUDENTS' PERFORMANCE AND THEIR PROGRESS OF UNDERSTANDING UNDER THE INSTRUCTOR'S DISCRETION. STUDENTS SHOULD READ THE REQUIRED CHAPTER(S) BEFORE COMING TO CLASS AND ARE RESPONSIBLE FOR ALL MATERIALS COVERED IN CLASS AND IN THE TEXTBOOK.



TEACHING AND LEARNING ACTIVITIES

In this learning module, students will work towards attaining the ILOs through the following teaching and learning activities:

Teaching and Learning Activities	M1	M2	M3	M4	M5	M6
T1. Interactive lectures: (a) Lectures: in-depth coverage of International Finance is presented with PowerPoint slides and other additional illustration materials if necessary. (b) Q & As: time allowed to raise questions from both sides (instructor and students).	✓	✓	✓	✓	✓	✓
T2. In-class Discussion Exercises and Tests: (a) In-class exercises will be discussed at the end of each lecture to ensure student understanding of the issues. (b) Tests: students will take tests to motivate them to review what they have learned.	✓	✓	✓	✓	✓	✓
T3. Assignments and case studies: (a) Students are required to complete assigned problems or case studies analysis. They may be selected to comment on their submitted solution. (b) No late submission will be accepted.	✓	✓	✓	✓	✓	✓

ATTENDANCE

Attendance requirements are governed by the Academic Regulations Governing Bachelor's Degree Programmes of the Macao Polytechnic University. Students who do not meet the attendance requirements for the learning module shall be awarded an 'F' grade.

ASSESSMENT

In this learning module, students are required to complete the following assessment activities:

Assessment Activities	Weighting (%)	ILOs to be Assessed
A1. Participation (Q&As/Discussions/In-class exercise)	10%	ILO 1~6
A2. Assignments	10%	ILO 1~6
A3. 2 Tests	30%	ILO 1~4
A4. Final Exam	50%	ILO 1~6
Total	100%	

The assessment will be conducted following the University's Assessment Strategy (see www.mpu.edu.mo/teaching_learning/en/assessment_strategy.php). Passing this learning module indicates that students will have attained the ILOs of this learning module and thus acquired its credits.



MARKING SCHEME

Letter Grade	Mark Ranges	Grade Point	Description
A	93 - 100	4.0	Excellent. Superior performance demonstrating comprehensive, in-depth understanding of subject matter. Students complete course requirements with distinction.
A-	88 - 92	3.7	
B+	83 - 87	3.3	
B	78 - 82	3.0	Very good. Above average performance with full knowledge of theories and principles with no serious deficiencies.
B-	73 - 77	2.7	
C+	68 - 72	2.3	
C	63 - 67	2.0	Satisfactory. Basic understanding with knowledge of principles and theories adequate enough to complete substantive course requirements.
C-	58 - 62	1.7	
D+	53 - 57	1.3	
D	50 - 52	1.0	Minimum Pass. Marginal performance to meet minimum course requirement but with major deficiencies.
F	0 - 49	0	
			Unsatisfactory. Fail. Knowledge of principles and concepts is fragmentary. Students fail to complete substantive course requirements.

REQUIRED READINGS

Carbaugh, Robert J. (2023). International Economics. 18th edition. Cengage Learning.

REFERENCES

- (1) Geert Bekaert and Robert Hodrick (2017), International Financial Management, 3rd edition, Cambridge University Press.
- (2) Jeff Madura (2017), International Financial Management, 13th edition, South-Western College Pub.
- (3) Michael H. Moffett, Arthur I. Stonehill, and David E. Eiteman (2017), Fundamental of Multinational Finance, 6th ed. edition, Pearson.
- (4) Paul R. Krugman, Maurice Obstfeld, and Marc Melitz (2014), International Finance: Theory and Policy, 10th edition, Pearson.



Websites

<https://www.wsj.com> (華爾街日報)

<http://www.bloomberg.com> (彭博商業週刊)

<http://www.ft.com> (金融時報)insert text]

STUDENT FEEDBACK

At the end of every semester, students are invited to provide feedback on the learning module and the teaching arrangement through questionnaires. Your feedback is valuable for instructors to enhance the module and its delivery for future students. The instructor and programme coordinators will consider all feedback and respond with actions formally in the annual programme review.

ACADEMIC INTEGRITY

The Macao Polytechnic University requires students to have full commitment to academic integrity when engaging in research and academic activities. Violations of academic integrity, which include but are not limited to plagiarism, collusion, fabrication or falsification, repeated use of assignments and cheating in examinations, are considered as serious academic offenses and may lead to disciplinary actions. Students should read the relevant regulations and guidelines in the Student Handbook which is distributed upon the admission into the University, a copy of which can also be found at www.mpu.edu.mo/student_handbook/.

PLAGIARISM POLICY

When a student submits an assignment, he/she has a duty to ensure that his/her assignment has been checked by the **Turnitin** software, and the similarity score given by the **Turnitin** software cannot be higher than 30%. However, a special case can be determined by the instructor.