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Fall 9-1-2022

### **BFIN 473.B01: Multinational Financial Management**

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# University of Montana

## BFIN 473: MULTINATIONAL FINANCIAL MANAGEMENT – FALL 2022

Instructor: [Dr. Robert Sonora](#)  
Room: GBB – Room L11, TR 1230 – 1350  
Office: Gallagher Business 232  
Office hours: Tuesday 1400-1500 pm and by appointment  
Zoom: [Zoom is here ...](#)  
Moodle: [Moodle is here ...](#)

### Office Hours

I will hold office hours immediately after Tuesday's class. If that doesn't work, we can do so by appointment, use email or talk after class to arrange, either in person, COVID permitting, or via Zoom.

### Course description

Topics include financial skills required of corporate executives in international business, determinants of international asset values, exchange rate risk analysis, international asset risk analysis, exchange rate and asset analysis in the short and long run, introduction to global financial systems, the assessment of real international investments, and the effects of international macroeconomic forces on asset markets. We also consider financial assets which are not strictly international assets but do have an impact on international financial markets, e.g. commodity futures. The focus of this class will be on international finance analysis.

### Learning Outcomes

1. monitor and draw on information and data available in a large number of private and public sector information sources;
2. calculate the impact of exchange rate changes on the relative prices of goods, services, financial assets and financial liabilities denominated in different national currencies;
3. evaluate the impact of exchange rate changes on a company's and countries nonfinancial activities as well as well it's financial activities;
4. analyze the factors that influence exchange rate developments and national financial market developments;
5. analyze currency risks and develop ways of reducing such risks;
6. evaluate the strengths and weaknesses of selected national financial systems;
7. understand the roles and responsibilities of intergovernmental financial institutions like the International Monetary Fund;
8. evaluate the impact of historical events on the structure, operations and behavior of currency and financial markets

9. Last but certainly not the least, learn how to “Keep up with the times” because much of what is studied during this semester will be out of date within a short period of time

Lectures will focus on deriving and discussing models as well as looking at data rather than definitions and narratives. Lecture notes will include topic not covered in class.

## Required textbooks

Cheol Eun, Bruce G. Resnick (2021). *International Financial Management*, 9<sup>th</sup> edition, e-book, Access to the e-book is included with your tuition.

## Other sources

This class will frequently use the “ocular estimator” using data from the St. Louis Fed’s excellent [FRED](#) data webpage. We will also be looking at other types of financial data available from various sources, such as [Yahoo! Finance](#) and the [the CME Group](#). Students also will be expected to follow relevant political, economic, financial and exchange market developments on a regular basis, for example, what have the impacts of the Russian invasion of Ukraine been on *all* financial markets.

While this course will largely draw from the textbook above, some of you may find it useful to refresh yourself on the fundamentals of macroeconomics. The text below (or other similar texts) can enhance your quality of understanding of the information presented throughout the course.

Krugman, Paul & Wells, Robin (2015). *Macroeconomics*, 4th Ed. MacMillan Publishing.

For a refresher on macroeconomics you may find these lectures helpful. [MIT Principles of Macroeconomics](#). Sure it’s from 2004, but not much has changed at the principles levels since.

## Moodle

Moodle will be use for presenting grades, class materials – e.g. PPT and recorded lectures – and for uploading homeworks.

## Missing lectures

I may be missing a couple of classes over the course of the early part of the semester due to pre-scheduled events, during those classes we will hold lectures via Zoom, have guest lecturers, and/or having course work that can be done from home. Weeks in a red font are possible weeks where there will potentially be some alternative arrangement.

## Grading

### Exams

Exam 3 will be cumulative, as you will be asked to use the tools/analysis from the course up to that point.

## Problem sets

Problem sets will be questions from the end of the chapter, “Questions” or “Problems”. Questions with a  $\star$  will denote answer the problem, e.g. “3 $\star$ , 4” means answer problem 3 and question 4. Occasionally I will add a current data question to your problem set, these will be put on the Moodle page. I grade on effort and will provide answers after the turn in window has closed, which is Friday at 5pm the week they are due. Answers can be uploaded via Moodle and must be done by the stated due date and time otherwise the upload window will close. Graphs must be legible and (briefly) explained. You may work in groups of two, you only need to turn in one, but make sure both names are on *All problem sets must be typed and in PDF format* – I will *not* accept problem sets in any other format: no Word, no handwritten, no stone tablets or goat skins.

## Quizzes

Quizzes are unannounced and will be given during the class period and are closed book. Barring sickness or advance notice, there will be no make ups available.

## Grade distribution

How graded	% of Grade
Quizzes (5)	20%
Problem Sets (5)	20%
Exam 1	20%
Exam 2	20%
Exam 3	20%

I grade on a slightly different distribution than the standard 90/80/70/... A/B/C/... scale. *Generally* speaking the grade distribution will be:

A/A-	$\geq 85$
B+/B/B-	84 – 75
C+/C/C-	74 – 65
etc	

This is generally how grades shake out, give or take a few points. As such, this distribution is *not* fixed and depends on how students perform over the semester.

## ~~Extra credit~~

There is enough credit available simply by doing the required classwork, none will be on offer.

## Class Outline

Dates are *not* fixed in stone and are subject to change, which is likely, though I will try to keep as close to this schedule as possible. PS refers to “problem sets” and are the numbers from “Discussion questions” at the end of each chapter. I will provide a space to upload in Moodle.

Week of	Chapter	Problem Set
Aug 29	Ch. 1 Globalization and the Multinational Firm	(PS1: 3, 4 )
Sep 05	Ch. 2 International Monetary System	(PS1: 9, 10, 12)
Sep 05	Ch. 3 Balance of Payments, PS1 due (For Q13 use 2021 <i>not</i> 2018)	(PS1: 11–13)
Sep 12†	Ch. 4 Global Corporate Governance	(PS2: 4, 8, 9)
Sep 19	Ch. 5 The Market for Foreign Exchange, PS2 due	(PS2: 1, 5, 10; 3*)
Sep 26	Exam week	
Oct 03	Ch. 6 International Parity and Forecasting	(PS3: 5, 11; 5*, 6*, 8*)
Oct 10	Ch. 7 Futures and Options on Foreign Exchange, PS3 due	(PS3: 2; 4*, 5*)
Oct 17	Ch. 8 Management of Transaction Exposure	(PS4: 2; 2*, 3*)
Oct 24	Ch. 9 Management of Economic Exposure, PS4 due	(PS4: 6, 8; 2*)
Oct 31	No class Tuesday/EXAM	
Nov 07	Ch. 14 Interest Rate and Currency Swaps	(PS5: 4, 9; 1*, 2*)
Nov 14	Ch. 15 International Portfolio Investment	(PS5: 2; 1*, 4*, 7*)
Nov 21	Housecleaning & Thanksgiving	
Nov 28	Ch. 17 International Capital Structure and the Cost of Capital	(PS5: 6, 7, 9; 2*)
Dec 05	<a href="#">Final Exam week schedule</a>	

Question numbers with a \* denote answer the “Problem” not the “Question”.

Problem sets due at ≤5pm on Friday; late assignments will not be accepted

**Week in red with a † I will be out of town, we will make arrangements.**

## Course expectations, guidelines, and policies

**My Role** My role will be to act as a facilitator. I will provide opportunity, structure, and direction to facilitate your learning of fundamental concepts centered on the concepts of financial management.

**Your Role** Your role is to engage in active learning. You will learn and apply important financial concepts while you gain experience. Your success in this class, as in life, will depend on both your effort and performance.

### Formula for Success

- Read the Materials ahead of class
- Come to every class, everything is testable material
- Work out all suggested end of chapter problems
- Reading is *not* studying
- The best day to start studying for class work is *today*

## Student Conduct Code

Professionalism and common courtesy are expected and students who are disruptive may be asked to leave. If you have questions as to proper classroom behavior, please ask the instructor.

The Student Conduct Code at the University of Montana embodies and promotes honesty, integrity, accountability, rights, and responsibilities associated with constructive citizenship in our academic community. This Code describes expected standards of behavior for all students, including academic conduct and general conduct, and it outlines students' rights, responsibilities, and the campus processes for adjudicating alleged violations.

All students must practice academic honesty. Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. All students are expected to understand their rights and responsibilities provided under the [Student Conduct Code](#)

## Attendance

Students are expected to attend all class meetings and complete all assignments. Students are responsible for *anything*, literally, discussed during class. Absences related to participation in a University sponsored activity will be excused as long as proper notification is provided (University sponsored activities include for example, field trips, ASUM service, music or drama performances, and intercollegiate athletics.). Excused absences also include military service or mandatory public service.

## Email

According to University policy, faculty may only communicate with students regarding academic issues via official UM email accounts. Accordingly, students must use their GrizMail accounts ([netid@grizmail.umt.edu](mailto:netid@grizmail.umt.edu) or [fname.lname@umontana.edu](mailto:fname.lname@umontana.edu)). Email from non-UM accounts will likely be flagged as spam and deleted without further response. To avoid violating the Family Educational Rights and Privacy Act, confidential information (including grades and course performance) will not be discussed via phone or email.

## Course withdrawal and other important dates

Use this link for a list of official [Dates and Deadlines](#) for 2022 Spring Semester. Responsibility is upon the students to know the dates for withdrawal and other relevant registration issues.

## COVID

For the most up-to-date COVID info see [COVID-19 Information](#)

- If you feel sick and/or are exhibiting COVID symptoms, please don't come to class and contact the Curry Health Center at (406) 243-4330.
- If you are required to isolate or quarantine, you will receive support in the class to ensure continued academic progress. Please let me know ASAP and I will conduct a class via zoom to the best of my ability. **NB:** I will not "automatically" use Zoom in the classroom.

- UM recommends students get the COVID vaccine and booster. Please direct your questions or concerns about vaccines to the Curry Health Center.
- If the situation warrants, we will move classes to Zoom.

### **Disability modifications**

The University of Montana assures equal access to instruction through collaboration between students with disabilities, instructors, and [Disability Services for Students](#). If you think you may have a disability adversely affecting your academic performance, and you have not already registered with Disability Services, please contact Disability Services in Lommasson Center 154 or call 406.243.2243. I will work with you and Disability Services to provide an appropriate modification.