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FIN 473.01: Multinational Financial Management

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University of Montana  
Fin 473 - Multinational Financial Management  
Fall 2003 Syllabus

Professor: Dr. Timothy A. Manuel  
Course Title: Multinational Financial Management  
Class Time: 2:10-3:30 MW, GBB L13  
Phone: Office 243-2511  
Office: GBB 305  
Office Hours: MW 11:00-1:00 & 3:30-4:00, no appointment is needed during office hours. Times available by appointment: 1:00-2:00 MW, and 1:30-3:30 TTh. Drop by during office hours at any time, but outside of office hours please try to schedule appointments at least one day in advance.  
Email: tim.manuel@business.umt.edu  
Web Page: http://www.business.umt.edu/facultv/manuel/default.asp

Required Materials:  
2. Course notes available on Sentinel in the labs in the Fin473 folder. I recommend that you print the notes, 3 hole punch them and interleave blank sheets of paper with them. The notes are also available from my web page (see above). The username and password are both “finance” (all lower case).

Course Objective:  
The purpose of this course is to provide a firm grounding in the financial skills required of corporate executives in companies engaged in international business. Although we deal with policy issues, the perspective throughout is on the firm and the challenges faced when conducting business across national boundaries. Emphasis will be on the practical application of relevant modern finance techniques and concepts in global settings. Topics covered include financing trade, understanding exchange rates, measuring and managing exchange rate risk, international capital budgeting, financing international projects, and understanding the effects of government policy on the firm’s operating environment.

Prerequisites: Students MUST have successfully completed Fin 322 and SHOULD have completed Mgmt 368 and MUST have achieved junior, senior or graduate standing. Additional finance is desirable. Students not meeting the required prerequisites will receive a grade of F regardless of class scores. This may also result in forfeiture of fees paid. All students must show me a transcript indicating you have met the prerequisites by the end of February. Students are strongly encouraged to review basic finance and economics material prior to this course.

Grading: There will be up to three tests, none of which are cumulative except for basic concepts. Grades will be assigned as follows:  
Up to three tests 60%  
Article & case write ups & discussion 20%  
Class Participation 10%  
Capital Budgeting Project 10%

Class attendance is required. If you have more than four unexcused absences I will drop your final grade by one letter. When you don’t attend class, you miss out and others miss out on your contributions, regardless of your other scores. Moreover, each succeeding three absences will result in a drop of one additional letter grade. Work, transportation and vacation will not normally result in an excused absence. Documented emergency situations will normally be excused, but they must be cleared as soon as possible. Don’t use up your absences on frivolous reasons! I may count leaving class early without permission or not having the assigned notes with you as an unexcused absence.

If you absolutely must miss an exam, you must notify me prior to the exam and provide a written justification for your absence. In the unlikely event of an excused absence, either the remaining tests will be weighted more heavily, or you will take a make-up exam. Make-ups are generally more difficult since the obvious questions are used on the original. The make-up may be an oral exam. No student may miss more than one exam and pass the course; all students must be present at the final test. Any work turned in late will either be not accepted or subject to a 10 point a day penalty at my option. Class participation is generally left up to the student, but is encouraged and expected from all students in order to
receive credit. Class participation consists of not only coming to class prepared with the proper notes, but also asking and answering questions and contributing constructive comments. I especially like to see questions asked on the article and case presentations. I generally keep track of who asks questions on presentations.

The Final Exam will take place 3:20–5:20, Monday, December 15

Each student is expected to do his/her own work. Cheating or copying will result in a grade of zero for that assignment. There are no exceptions to this rule. Each student is expected to be familiar with and adhere to the student conduct code. You may use a cheat sheet, 1 page, 8 1/2 x 11, both sides on all tests.

Highly Tentative Course Outline:
Topics May Be Added/Deleted or Reordered As Announced In Class

A. The Multinational Corporation (MNC)
   Finance vs. international finance
   The global/MNC environment
   Text: Ch. 1
   Sentinel File:1Intro
   Date(s):

B. Definition and Determinants of the Exchange Rate
   Text: Ch. 2 & 3
   Sentinel File:2Exch
   Date(s):

C. The BOP and International Economic Linkages
   BOP
   Why the U.S. has the largest CAD
   Protectionism
   Is a CAD bad?
   Text: Ch. 4
   Sentinel File:5BOP
   Date(s):

D. Parity conditions in international finance
   Law of one price
   Fisher effect
   Generalized Fisher effect
   Purchasing power parity
   Interest rate parity
   International Fisher effect
   Text: Ch. 8
   Sentinel File:9Parity
   Date(s):

F. Foreign Exchange Markets
   Terms & characteristics
   Quotes
   Locational and triangular arbitrage
   Text: Ch.5
   Sentinel File:6FX
   Date(s):

Interlude: Live FX Game
Date(s): ?
We will not cover all the readings; the articles may be changed and will be assigned by me.


21. The International Money Market, 1997: Published in International Money and Finance, Michael Melvin.


45. "Strategy in the Multinational Corporation," Ch. 15.


