Multinational Corporate Finance 52:390:350   Spring 2016

Monday, Wednesday 2:50 – 4:10 PM, BSB 132

Professor:  Dr. Richard A. Michelfelder, Ph.D.

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Office Hours:  Monday, Wednesday, 1:00 to 2:00 PM, by appointment or after class

Students with Disabilities

Students who are seeking an accommodation because of a disability are directed to the
website http://learn.camden.rutgers.edu/disability/disabilities.html or they can contact
the Camden campus Disability Coordinator, Mr. Tim Pure at 856-225-6442, Armitage
Hall Room 362. The email address is disabilityservices@camden.rutgers.edu. All
contact will be considered confidential.

Text:  A. Shapiro, A. Sarin, Foundations of Multinational Financial Management, latest
recent editions of Shapiro also can be used.)

Other readings will be distributed.

Course Objective:

The purpose of this course is to provide an understanding of the international monetary
system, exchange rates, and international financial markets (stocks, bonds and foreign
currency). Secondly, the course provides an understanding of the added risks faced by
the multinational firm and risk management methods to hedge the risk. Third, since
exchange rate fluctuations are a key risk factor for multinational firms, there will be an
emphasis on exchange rate forecasting.
**Overall Policy and Grading:**

Students are expected to maintain excellent class attendance as well as participate in class. Students are responsible for all text and other assigned readings in addition to all lecture material. Assignments will be distributed in class where appropriate.

All examinations are comprehensive and course grade will be based on examinations and class participation with the following weights:

- First Examination: 5%
- Mid-Term Examination: 35%
- Final Examination: 50%
- Participation & Assignments: 10%

*Participation* involves attendance, class discussion, paying attention, appropriate behavior and following classroom protocol.

*Assignments* will involve exchange rates to familiarize students with working with exchange rates. They will be graded as pass / fail. A good faith effort to complete the assignment accurately and submit it on time will suffice for a pass. Another assignment will involve exchange rate analysis with the Bloomberg data system in room 106. It is strongly recommended that students participate in one of the many training sessions being offered for this course and for your career.

**Academic Integrity**

“Academic integrity requires that all academic work be wholly the product of an identified individual or individuals. Joint efforts are only legitimate when the assistance of others is explicitly acknowledged…The principals of academic integrity entail simple standards of honesty and truth. Each member of the university has a responsibility to uphold the standards of the community and to take action when others violate them…Students are responsible for knowing what the standards are and for adhering to them. Students should also bring any violations of which they are aware to the attention of their instructors.”

Students are expected to know, understand and adhere to the policies on academic integrity outlined above. Procedures for violation of these policies outlined in the University Code of Academic Conduct will be followed.

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Classroom Protocol

This protocol mimics standard expected behavior for business meetings. You are treated as professionals in my class. As such, there are responsibilities as professionals. First, communication devices are not to be used in any way during class. Keep cell phone calls and texting use outside of the classroom. Do not use laptop computers during class. It is expected that there will be no side-discussions during the lectures. Do not leave the classroom unless you have an emergency. You are scheduled to be in the room for one hour and twenty minutes. The class will start and stop promptly. Violations of this protocol will substantially affect your final grade through your participation grade.
COURSE OUTLINE

1. Introduction to Multinational Corporate Finance
   Chapters 1, 2, and 3

2. The Balance of Trade, Balance of Payments and International Macroeconomics
   Chapter 5

3. Foreign Currency Markets: Spot and Forward Markets
   Chapter 6

   Reading on Quantity Theory of Money, Dornbusch (1976)

5. Inflation, Interest Rates, and Exchange Rates (Purchasing Power Parity, Interest Rate Parity, and Exchange Rate Forecasting in the Long-Run)
   Chapter 4

6. Hedging and Speculating Foreign Exchange Rate Risk: Currency Futures and Options
   Chapter 7

7. Measuring and Managing Economic Exposure
   Chapter 10

8. Measuring and Managing Translation and Transaction Exposure
   Chapter 9, 10

9. International Equity Markets, Portfolio Investment and Diversification
   Chapter 13