

Liverpool John Moores University

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Title: INTERNATIONAL FINANCE
Status: Definitive
Code: **6051BUSAE** (108138)
Version Start Date: 01-08-2011

Owning School/Faculty: Liverpool Business School
Teaching School/Faculty: Liverpool Business School

Team	Leader
Jason Laws	Y

Academic Level: FHEQ6
Credit Value: 12.00
Total Delivered Hours: 26.00
Total Learning Hours: 120
Private Study: 94

Delivery Options

Course typically offered: Semester 2

Component	Contact Hours
Lecture	12.000
Tutorial	12.000

Grading Basis: 40 %

Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Exam	AS1	Comprising a multiple choice section (60%) covering the entire syllabus and a pre-seen case study (40%)	50.0	2.00
Practice	AS2	A trading simulation where students trade a notional \$250,000 on currency futures.	50.0	

Aims

To provide the student with an understanding of the nature and role of the exchange rate in finance and economics. To increase

awareness of market risk and the mechanisms available to mitigate this risk.

Learning Outcomes

After completing the module the student should be able to:

- 1 Use the information published in the 'Markets' pages of the Financial Times (or comparable publications) in 'real-world' financial problems.
- 2 Identify causality and equilibrium between financial markets and economic activity, using appropriate theoretical models.
- 3 Diagnose the foreign exchange rate risk facing an economic entity and manage this risk using appropriate financial instruments.
- 4 Select derivative products appropriate to market conditions.
- 5 Make effective use of web based resources in informing trading opportunities.

Learning Outcomes of Assessments

The assessment item list is assessed via the learning outcomes listed:

EXAM	1	2	3	4
Simulation	1	4	5	

Outline Syllabus

1. *An introduction to exchange rates*
2. *Conventions in the FOREX market*
3. *Exchange Rates and Asset Returns*
4. *Introduction to Futures*
5. *Currency Futures*
6. *Hedging Exchange Rate Risk using FOREX options*
7. *Options*
8. *Option Pricing*
9. *Price Levels and the Exchange Rate*

Learning Activities

There will be a one hour lecture followed by a problem solving based tutorial session.

References

Course Material	Book
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Author	Clark, E. Levasseur M.and Rousseau, P.
Publishing Year	2002
Title	International Finance,
Subtitle	
Edition	
Publisher	Thompson Learning
ISBN	1861529716

Course Material	Book
Author	Eiteman, D. Stonehill, A. and Moffett, M.
Publishing Year	2006
Title	Multinational Business Finance,
Subtitle	
Edition	11th edition
Publisher	Pearson Education
ISBN	0321449568

Course Material	Book
Author	Levi, M
Publishing Year	2005
Title	International Finance
Subtitle	
Edition	
Publisher	Routledge
ISBN	041530900X

Notes

The module is concerned with the topic of international finance. It covers the foreign exchange and derivatives markets, and the use of these to manage exchange rate risk and to understand how to implement a strategy to profit from market movements. Understanding of the module is enhanced through an online Trading Simulation where students are given \$250,000 to trade on currency futures traded on the Chicago Mercantile Exchange. The module is fully supported by Blackboard which includes lecture presentations, tutorial solutions, past exam papers (with solutions), self assessment multiple choices tests, appropriate internet links and online readings.