

## Liverpool John Moores University

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Title: INTERNATIONAL FINANCE  
Status: Definitive  
Code: **6500FTKAE** (106411)  
Version Start Date: 01-08-2011

Owning School/Faculty: Liverpool Business School  
Teaching School/Faculty: Kaplan Financial London

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	undefined.	75.0	2.00
Report	AS2	1 assignment - a trading simulation.	25.0	

### Aims

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

### Learning Outcomes

After completing the module the student should be able to:

- 1 Use the information published in the 'Currencies and Markets' page 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 identifying profitable exchange rate trading opportunities.

### Learning Outcomes of Assessments

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

EXAM	1	2	3	4
CW	1	4	5	

### Outline Syllabus

- 1 *Exchange rates, the foreign exchange market and international money.*
- 2 *Equilibrium in the foreign exchange market.*
- 3 *Price levels and the exchange rate.*
- 4 *Exchange rates and asset returns.*
- 5 *The currency options market.*
- 6 *Option pricing and trading strategies.*
- 7 *Currency Futures.*
- 8 *Hedging foreign currency risk.*
- 9 *Interest Rate Futures.*

### Learning Activities

The tutorial sessions accompanying the lectures on option pricing and trading strategies will be PC based.

### References

<b>Course Material</b>	Book
<b>Author</b>	Clark, E. Levasseur M.and Rousseau, P.
<b>Publishing Year</b>	2002
<b>Title</b>	International Finance,
<b>Subtitle</b>	
<b>Edition</b>	

<b>Publisher</b>	Thompson Learning
<b>ISBN</b>	1861529716

<b>Course Material</b>	Book
<b>Author</b>	Sercu P. and Uppal, R.
<b>Publishing Year</b>	1995
<b>Title</b>	International Financial Markets and the Firm",
<b>Subtitle</b>	Current Issues in Finance
<b>Edition</b>	
<b>Publisher</b>	Thomson Learning
<b>ISBN</b>	1861523548

<b>Course Material</b>	Book
<b>Author</b>	Eiteman, D. Stonehill, A. and Moffett, M.
<b>Publishing Year</b>	2000
<b>Title</b>	Multinational Business Finance,
<b>Subtitle</b>	
<b>Edition</b>	9th edition
<b>Publisher</b>	Addison-Wesley,
<b>ISBN</b>	0201710749

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## 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), appropriate internet links and online readings.

The coursework is a practical trading simulation providing an opportunity for formative feedback; the examination is the terminal summative assessment.