

**COURSE DATA****Data Subject**

<b>Code</b>	35915
<b>Name</b>	International financial management
<b>Cycle</b>	Grade
<b>ECTS Credits</b>	6.0
<b>Academic year</b>	2019 - 2020

**Study (s)**

<b>Degree</b>	<b>Center</b>	<b>Acad. year</b>	<b>Period</b>
1314 - Degree in International Business	Faculty of Economics	4	First term

**Subject-matter**

<b>Degree</b>	<b>Subject-matter</b>	<b>Character</b>
1314 - Degree in International Business	29 - Corporate and international finance	Optional

**Coordination**

<b>Name</b>	<b>Department</b>
CUELLO ALBORNOZ, GUSTAVO	172 - Business Finance

**SUMMARY**

International Financial Management is taught in the fourth year, first semester, of the Bachelor in International Business at University of Valencia. It is part of Corporate and International Finance, and aims to analyze international finance management, risks involved and the tools to mitigate or avoid them. Over the topics covered by the course we will study the international finance environment, the foreign exchange market and the risks arising from the globalization of the economy.

**PREVIOUS KNOWLEDGE****Relationship to other subjects of the same degree**



There are no specified enrollment restrictions with other subjects of the curriculum.

### **Other requirements**

Basic knowledge of Corporate Finance and Financial Markets.

## **OUTCOMES**

### **1314 - Degree in International Business**

- Develop the capacity to evaluate and critically analyse international economic phenomena and agents.
- Be able to work in multidisciplinary and intercultural teams.
- Understand the structure and functioning of companies and organisations operating in an international context.
- Know how to use the statistical methods and software to manage the company's operations.
- Use the economic and financial information of the company to make decisions.
- Know how international financial markets work.
- Develop the capacity to prepare and defend reports that contribute to the decision-making of public and private agents.
- Cuantificar el riesgo de cambio asociado a las operaciones de una empresa realizadas en mercados con distinta moneda.
- Conocer los instrumentos susceptibles de ser empleados para la cobertura del riesgo de cambio de las empresas en sus operaciones con el exterior.
- Conocer estrategias corporativas como las fusiones o adquisiciones, la optimización de la estructura financiera de la empresa, la identificación y evaluación de fuentes de financiación nacionales e internacionales, así como la diversificación de inversiones.

## **LEARNING OUTCOMES**

Ability to determine financial and investment positions viable in the enterprise and financial markets in a dynamic environment.

Ability to understand, interpret and analyze the information on the economic and market analysis, and the impact of financial decisions on creating shareholder value.

Knowledge of concepts such as value theory, goal conflict, capital rationing, risk diversification, valuation models in balance and optimal financial structure, and the relationship between them.

Understanding the concepts of economic risk and financial risk and its relation to the expected return on assets. Knowledge of the different versions of the concept of efficiency in the financial markets.

Ability to select between available funding sources (internal and external) best suited to each company according to its characteristics.



## DESCRIPTION OF CONTENTS

### **1. Globalization and the Multinational Firm.**

1. Special Features about International Finance.
2. Globalization of the World Economy.
3. Multinational Corporations.

### **2. The Foreign Exchange Market, Exchange Rate Determination, and Currency Derivatives.**

1. Foreign Exchange Market.
2. International Parity Conditions.
3. Futures and Options on Foreign Exchange.

### **3. Foreign Exchange Exposure and Management**

1. Management of Transaction Exposure.
2. Management of Economic Exposure.
3. Management of Translation Exposure.

### **4. World Financial Markets and Institutions.**

1. International Banking and Money Market.
2. International Bond Markets.
3. International Equity Markets.
4. Interest Rates and Currency Swaps.
5. International Portfolio Investment.

### **5. Financial Management of the Multinational Firm.**

1. International Capital Structure and the Cost of Capital.
2. International Capital Budgeting.
3. Multinational Cash Management.
4. International Trade Finance.

**WORKLOAD**

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Study and independent work	20,00	0
Preparation of evaluation activities	25,00	0
Preparing lectures	25,00	0
Preparation of practical classes and problem	20,00	0
<b>TOTAL</b>	<b>150,00</b>	

**TEACHING METHODOLOGY**

During theoretical classes, professor will explain the subject. It will be considered students' participation, asking pertinent questions, and discussing, after reading, the concepts being studied.

During practice classes, professor will solve, with students' participation, some exercises of the collection provided. Part of these exercises must be solved at home by the students.

**EVALUATION**

Continuous evaluation: it will compute max 20% of the assignment, and it will consider students' participation.

Final exam: it will consist of test questions, or multiple choice questions, or short answered questions, theoretical and exercises.

**REFERENCES****Basic**

- Eiteman, D.; Stonehill, A.; and Moffett, M. (2013): Multinational Business Finance. Pearson, 13th ed.
- Shapiro, A. (2009): Multinational Financial Management. Wiley, 9th ed.
- Eun, C.; and Resnick, B. (2012): International Financial Management. Mc-Graw Hill, 6th ed.

**Additional**

- Homaifar, G. (2004): Managing Global Financial and Foreign Exchange Rate Risk. Wiley.
- Desai, M. (2006): International Finance: A Casebook. Wiley.



## **ADDENDUM COVID-19**

This addendum will only be activated if the health situation requires so and with the prior agreement of the Governing Council

**English version is not available**