

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

<b>Code</b>	44212
<b>Name</b>	Risk management of companies with international exposure
<b>Cycle</b>	Master's degree
<b>ECTS Credits</b>	3.0
<b>Academic year</b>	2023 - 2024

**Study (s)**

<b>Degree</b>	<b>Center</b>	<b>Acad. Period</b>
2195 - M.U. en Finanzas Corporativas	Faculty of Economics	1 Second term

**Subject-matter**

<b>Degree</b>	<b>Subject-matter</b>	<b>Character</b>
2195 - M.U. en Finanzas Corporativas	4 - Assessment and risk	Obligatory

**Coordination**

<b>Name</b>	<b>Department</b>
HERRERO PIQUERAS, MARIA BEGOÑA	172 - Business Finance

**SUMMARY**

Given the process of globalisation and internationalisation of companies, the Risk Management in Companies with International Exposure course aims to make students aware of the new types of risk involved in internationalisation processes: country risk, commercial risk and financial risks. In addition, the programme will focus on the instruments available to companies to deal with this uncertainty, specifically studying some of them in depth: forwards, FRA's, swaps, futures, options, cap, collar and floor.

The programme is structured in two parts. The first part is devoted to the study of the international financial markets for means of payment (currencies) and capital (funds or financial resources), and the second part is devoted to the analysis of the finances of multinational companies: exposure to and management of exchange rate risk and country risk; financial structure and cost of capital and evaluation of direct investments.



## PREVIOUS KNOWLEDGE

### Relationship to other subjects of the same degree

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

### Other requirements

## OUTCOMES

### 2195 - M.U. en Finanzas Corporativas

- Ser capaz de buscar, seleccionar y valorar información emanada de los distintos agentes del entorno, a través de métodos tradicionales y de las tecnologías de la información y de la comunicación para utilizarla de forma efectiva ante problemas y situaciones relacionadas con las finanzas corporativas.
- Tomar decisiones tanto individuales como colectivas en su labor profesional como responsable financiero de la empresa.
- Distinguir el entorno financiero nacional e internacional y precisar las técnicas, métodos e instrumentos ligados al análisis y la gestión de riesgos financieros en un contexto económico globalizado.
- Comprender y valorar la utilidad e importancia de incorporar la gestión de riesgos al desarrollo de la actividad empresarial y ser capaz de evaluar las consecuencias económicas y financieras de las decisiones tomadas.

## LEARNING OUTCOMES

One of the objectives of the course is to introduce and familiarise students with the concept of risk associated with business internationalisation processes and the alternatives available for hedging them. Specifically, students will be provided with a set of knowledge about the different existing instruments for hedging business risks of a financial nature - options, futures, swaps, forward contracts, from the study of their characteristics to the design of hedging strategies. This analysis will be carried out from a fundamentally practical point of view, through the development of exercises and case studies.

All of this should achieve the following learning outcomes:

- Identify and differentiate the risk factors inherent to business activity in an international environment.
- Know and understand the derivative financial instruments available to mitigate (or cancel) the risks of international business activity and establish comparisons between them.
- Know how international financial markets work and carry out operations in the foreign exchange market.
- Develop strategies for hedging the aforementioned risks through derivative financial assets.



In addition, concepts linked to the financial management of multinational companies are developed and applied. Specifically, the associated learning outcomes are:

- Value direct investments in an international context.
- Establish the relevant aspects of the financial structure as a consequence of business internationalisation and calculate the cost of capital of multinational companies.

The main objective of the practical sessions of the course is for students to put into practice all the concepts, techniques and instruments learnt in the theoretical classes.

## **DESCRIPTION OF CONTENTS**

### **1. Foreing exchange market.Determination of the exchange rate**

- 1.1. Definition
- 1.2. Determination of the exchange rate
- 1.3. Operational
- 1.4. Parity relations

### **2. International means of payment. Foreign trade financing**

- 2.1. Typology.
- 2.2. Foreing trade financing.

### **3. International capital markets**

- 3.1. Credit market
- 3.2. Equity markets
- 3.3. Bond markets

### **4. Risk in the international company. Exposure to exchange rate risk and hedging techniques**

- 4.1. Typology.
- 4.2. Exposure to exchange rate risk
- 4.3. Hedging techniques.

### **5. Foreign exchange derivatives**

- 5.1. Forwards
- 5.2. Futures
- 5.3. Options
- 5.4. Currency swaps
- 5.5. Joint foreign exchange risk management

**6. Country risk analysis****7. Evaluation and selection of otutward direct investments****8. Financial structure and cost of capital of the multinational company****WORKLOAD**

ACTIVITY	Hours	% To be attended
Computer classroom practice	10,00	100
Theoretical and practical classes	9,00	100
Group work	7,00	100
Tutorials	3,00	100
Seminars	1,00	100
<b>TOTAL</b>	<b>30,00</b>	

**TEACHING METHODOLOGY**

As indicated in the sections dedicated to the Syllabus and Syllabus and Timetable, the development of this semester course is structured over 10 sessions of 3 hours duration. In the theory sessions, the lecturer will develop the main theoretical concepts included in the analytical programme detailed in this teaching guide using the model of master class, inverted class or presentation by equals, among others. In addition, in the theoretical sessions, the participatory model will be used, encouraging and valuing the participation of the student, who will have previously prepared the contents of each of the sessions based on the recommended bibliographical references and the instructions prepared by the professor.

In the practical sessions, the research model will be encouraged, so that students will analyse, prepare, develop and present the proposed exercises and practices, under the terms and on the dates indicated by the teacher. To this end, students will be given personalised supervision by the lecturer throughout the sessions. In addition, in order for the classes to be truly participative and useful, the student will be provided with the practical material sufficiently in advance to prepare and review the necessary theoretical content before the corresponding practical is dealt with in class.

During the course of the classes, the teacher will also inform students of the activities to be carried out, such as access to teaching material, communication via e-mail, etc. The reference website is <http://aulavirtual.uv.es>



## EVALUATION

Attendance, participation and continuous work during the course sessions will be considered in the evaluation system of this subject.

The teacher will propose the completion of tasks with deadlines for delivery or completion. These continuous assessment activities will be graded at **40%** of the final grade.

There will be a final test by means of a written exam on the basic theoretical and practical contents of the programme, with free development questions, which will take place on the dates set for this purpose within the academic calendar of the course. A mark of **5 out of 10** must be passed in this written test. This test will have a weighting of **60%** in the final grade.

## REFERENCES

### Basic

- Durán Herrera, J.J. y Gallardo Olmedo, F. (2013): Finanzas internacionales para la empresa. Pirámide.
- Eun, C.; Resnick, B. y Chuluun, T. (2021): International Financial Management. 9th Edition. Ed. McGraw Hill
- Eiteman, D., Stonehill, A. y Moffett, M. (2011): Las Finanzas en las empresas multinacionales. Pearson. Mexico.
- González, S. (2000): El Sistema Monetario Internacional y el Mercado de Divisas. Pirámide. Madrid.
- Gómez Cáceres, D. y López Zaballos J.M. (2002): Riesgos financieros y operaciones internacionales. ESIC.
- López, F.J y García, P (2006): Finanzas en mercados internacionales. MacGrawHill. Madrid
- Hull, J.C. (1996): Introducción a los mercados de futuros y opciones. Prentice Hall.
- Martín, L.L. y Téllez, C. (2014): Finanzas internacionales. Paraninfo. Madrid
- Martín, J. y Trujillo A. (2004): Manual de mercados financieros. Thomson.
- Martínez, A (2000): Mercados financieros internacionales. Civitas.
- Mascareñas, J. (2004): El riesgo de la empresa. Tipología, análisis y valoración. Pirámide. Madrid.



**Additional**

- Berk, J.; De Marzo, P. y Hardford, J.(2017): Fundamentos de Finanzas Corporativas, cap22 Ed: Pearson

Gómez Cáceres, D. y Martínez García, F. (2003): Negociación internacional. Medios de cobro y pago. Editorial: ESIC.

Hernández Muñoz, L. (2003): Los riesgos y su cobertura en el comercio internacional. FC Editorial.

Mateos, P. y Analistas Financieros Internacionales (2001): Finanzas Internacionales. Ed. Académicas SA

Menéndez Alonso, E. (2005): Problemas y prácticas sobre mercados financieros. Díaz de Santos.

Ontiveros, E; Bergés, A; Valero, F, y Manzano, D (1993): Mercados financieros internacionales Espasa Calpe.

Pérez Ramírez, J. y otros (2006): Instrumentos Financieros. Pirámide.