

Name:	Dr. Burcin Col
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Course title:	International Finance
Track:	A-Track
Language of instruction:	English
Contact hours:	48 (6 per day)
ECTS-Credits:	4

Course description

This course is designed to introduce students to the global financial environment with a special focus on Europe and Eurozone issues. The course aims to provide the analytical tools needed to understand international financial markets as well as the institutional and economic forces affecting them. To this goal, we will cover a number of topics related to the international environment that deal with financial institutions and economic concepts such as exchange rates, their determination and the relationship with interest rates and inflation rates. We will relate the fundamental topics to current debates on Eurozone crisis, the potential economic impact of Brexit and the future of crypto currencies.

The class will include lectures, small group studies, case-study analysis, group presentations and field trips. Course readings from the financial press (i.e. Financial Times, The Economist) will be timely provided. The nature of the class will be interactive as students are expected to read the material prior to class and to contribute to the class discussions or engage in formal debates. The field trips to various European economic research institutes and policy centers, foreign exchange departments of leading financial institutions and Fintech startups in Berlin will help complement and enrich the classroom material.

Student profile

Students interested in macroeconomic policies and factors that impact international financial markets and firms operating in a global environment. A prior knowledge in economics or finance would serve as an advantage but is not required.

Prerequisites

None.

Course requirements

This course will employ a mixture of in-class group assignments, class discussions, a group project presentation, a midterm and a final exam.

Grading

Classroom Participation	20%
Group Project Presentation	20%
In-class Assignments	10%
Midterm Exam	25%
Final Exam	25%

Class Participation: As class discussion is an integral component of the course, students will be evaluated carefully on their classroom contributions.

Group Project Presentation: The project will be prepared in groups. Each group will present a detailed analysis of a currency of choice. The purpose of the project is to provide to the audience the history of the currency in the years after the collapse of the Bretton Woods system as well as some indications of future trends. The presentation will highlight the fundamentals that might explain the currency dynamics such as the country's balance of payments, productivity changes, commodity prices, real exchange rates, interest rates, inflation as they relate to the country's policies. It should position the country and its currency in relation to actual and potential trading partners, such as Europe, U.S., China, Japan or bordering countries. It should also specifically provide some insights on the relationship with Europe and the Euro. Events such as currency crises or exchange rate regime changes should be stressed, as well as the country's fiscal budget and stock market trends. Finally, all projects should contain a section devoted to the events of the 2008 global financial crisis, investigating the country's exposure and highlighting the consequences on the country's currency and stock market as well as its recovery. The analysis should start with an introduction, where the group presents the currency, motivate its choice and organize what will follow. The main body should provide the detailed history and evaluate potential future trends, and in a conclusion the group will provide specific future trends and forecasts for the currency under investigation. Tables, exhibits and graphs are an important part of the project, as they are needed to support the arguments being made.

The group size will depend on class enrollment. Group composition shall be reported to the instructor by the second class. Each member of the group will evaluate the others. Please note that the instructor will collect a group participation form at the end of the course. Each student's grade will thus depend on group performance, individual presentation and other group members' opinion.

In-class Assignments: The assignments will involve a number of quantitative questions designed to increase the students' understanding of the more technical aspects of the course. Group work is welcome. The work will serve as good practice for midterm and final exams.

Reading

A course reader will be provided at the orientation meeting.

In addition, the instructor will assign articles from the financial and economic press. They will be discussed in class and student discussions will be graded. Based on the articles, at times, students will form arguments and engage in formal debates on current issues.

Course schedule

Date	Program*
Monday, July 15, 2019	<p>Session 1 (9:00 – 10:30 AM): Introduction</p> <p>Session 2 (10:30 – 11:00 AM): Balance of Payments and Macroeconomic Identities</p> <p>Session 3 (12:30 – 2:00 PM): Eurozone Crisis as a Balance of Payment Problem</p>
Thursday, July 18, 2019	<p>Session 1 & 2: Foreign exchange (FOREX) markets: Spot and Forward Rates</p> <p>Session 3: Class Debate: Does Austerity Work? Or does it make things worse?</p>
Monday, July 22, 2019	<p>Session 1 & 2: International Parity Conditions Revisiting Big Mac Index</p> <p>In-Class Assignment I</p> <p>Session 3: Field Trip to the FOREX trading department of a financial institution*</p>
Thursday, July 25, 2019	<p>Session 1 & 2: Review & Midterm Exam</p> <p>Session 3: Field Trip to European Economic Policy and Research Center*</p>
Monday, July 29, 2019	<p>Session 1 & 2: International Monetary System and Exchange Rate Determination Currency Crises</p> <p>In-Class Assignment II</p> <p>Session 3: Class Debate: Will Brexit hit Eurozone economy? Or will the impact be insignificant?</p>
Thursday, August 1, 2019	<p>Session 1 & 2: Cryptocurrencies and Fintech Berlin- The Bitcoin Capital</p> <p>Class Debate: Are cryptocurrencies the future? Or are they overvalued?</p> <p>Session 3: Field Trip to a Fintech start-up*</p>
Monday, August 5, 2019	<p>Session 1-3: Group Presentations</p>

	Case Study: JP Morgan Chase's Foreign Exchange Forecasting Accuracy
Thursday, August 8, 2019	Session 1 & 2: Final Exam Session 3: Wrap-up

*Field trips are subject to change depending on the availability of appointments and speakers. On field trip days, class hours may be adjusted.