INTERNATIONAL FINANCIAL MARKETS in Fall 2018 (BA3050)

Course Code	BA3050	**Professor(s)**	Suzanne Bodevin
Prerequisites	None	**Office Number**	Grenelle 3A03
Class Schedule	MR: 13:45-15:05 in G-L22	**Office Hours**	Monday Period 5
Credits	4	**Email**	sbodevin@aup.edu
Semester	Fall 2018	**Office Tel. Ext.**	X 0598

Course Description

We will explore, in detail, Foreign Exchange (FX) Markets. Via an individual projects students will discover: What market conditions influence a "buy or sell" decision in FX markets? When is it possible to arbitrage FX markets and profit? Lastly, a short section will explore: How are foreign exchange rates forecasted?

A second major topic is Financial Derivatives (Futures, Options, and Swaps). After investigating the theoretical underpinnings of Options, students will engage in options trading to create their own profit-making strategies. Using case study analysis students will analyze the role of Swaps in hedging debt exposure.

The third topic explores the economic factors and financial instruments that contributed to the 2008 financial crisis. The class will view and discuss the film based on Michael Lewis' work *The Big Short*.

Course Learning Outcomes

understand various international financial markets and their interrelations
be able to analyze the value and make decisions on the use of financial instruments related to foreign-exchange rates
be able to effectively communicate results of financial analysis

General Education

[PLEASE EDIT OR REMOVE THE FOLLOWING TEXT AS APPLICABLE]
The general education program at AUP consists of four requirements: Speaking the World, Modeling the World, Mapping the World, and Comparing Worlds Past and Present.

This course can be used to fulfill the [INDICATE THE REQUIREMENT(S) FULFILLED BY THE COURSE] requirement and as such has the following learning outcomes:

[INDICATE THE GENERAL EDUCATION LEARNING OUTCOMES]

Course Outline

Week I – Sept. 10th - 14th

Monday 10th - Session I

TOPICS : Internatioanl Financial System Overview

READINGS : Mishkin Chapter on International Monetary System, and Weithers text Chapter 4

Thursday 13th - Session II

TOPICS : Economics of Exchange Rates

READINGS : Mishkin Chapter on Exchange Rates

September 14th – last day to drop/add courses online

Week II – Sept. 17th – 21st

Monday 17th - Session I

TOPICS : Quiz 1 (covers week 1 material) ; Intro to Foreign Exchange

READINGS : Weithers Chapters 1 and 2

Thursday 20th - Session II

TOPICS : Spot Exchange Rates ; Triangular Arbitrage

READINGS : Weithers Chapter 5

Week III - 24th – 28th

Monday 24th - Session I

TOPICS : Quiz 2 (Currency conversion) ; Explanation of Project 1 (implied quotes and arbitrage) ;

ASSIGNMENT : Group reports on FX currency movements

READINGS : Weithers Chapter 5

Thursday 27th - Session II

TOPICS : Return Quiz 2 ; INTERST RATES (Weithers Ch 3)

READINGS : Weithers Chapters 3

ASSIGNMENT : Interest Rates Exercises Chapter 3 Weithers

Week IV – October 1st - 5th

Monday 1st - Session I

TOPICS : Project 1 due (One copy per group);

GROUP PRESENTATIONS : FOREGIN CURRENCY REPORTING

FORWARDS Explain spot-forward arbitrage using bid/ask ;

ASSIGNMENT: Project 2 – Forward-Spot Arbitrage

READINGS : Weithers Chapter 6

Thursday 4th - Session II

TOPICS : **GROUP CURRENCY REPORTS** (remainder of groups) ; FORWARDS : Non-deliverable Forwards

Week V – 8th - 12th

Monday 8th - Session I

TOPICS : QUESTIONS regarding TEST 1; Explanation of the FX Trading Project

READINGS : The Essentials of FX Trading by James Chen (optional, you may consult text for extra support)

Thursday 11th - Session II

TOPICS : **TEST ONE**

Textbooks

Title	Author	Publisher	ISBN	Required
Foreign Exchange	Weithers, Tim	Wiley	9780471732037	Yes

Attendance Policy

Students studying at The American University of Paris are expected to attend ALL scheduled classes, and in case of absence, should contact their professors to explain the situation. It is the student's responsibility to be aware of any specific attendance policy that a faculty member might have set in the course syllabus. The French Department, for example, has its own attendance policy, and students are responsible for compliance. Academic Affairs will excuse an absence for students' participation in study trips related to their courses.

Attendance at all exams is mandatory.

IN ALL CASES OF MISSED COURSE MEETINGS, THE RESPONSIBILITY FOR COMMUNICATION WITH THE PROFESSOR, AND FOR ARRANGING TO MAKE UP MISSED WORK, RESTS SOLELY WITH THE STUDENT.

Whether an absence is excused or not is ALWAYS up to the discretion of the professor or the department. Unexcused absences can result in a low or failing participation grade. In the case of excessive absences, it is up to the professor or the department to decide if the student will receive an "F" for the course. An instructor may recommend that a student withdraw, if absences have made it impossible to continue in the course at a satisfactory level.

Students must be mindful of this policy when making their travel arrangements, and especially during the Drop/Add and Exam Periods.

Grading Policy

15% Quizzes/Class Participation/Oral Questions (in class)*

50% Exams (2 Tests and Cumulative Final Exam)

35% Class Assignments/Case Studies

***includes GROUP QUESTIONS (in-class)**

No make-up exams will be given without submission of a proper attestation from a physician. Assignments will not be accepted after the due date.

Other