INTERNATIONAL FINANCIAL MARKETS in Fall 2019 (BA3050)

Course Code	BA3050	**Professor(s)**	James Ward
Prerequisites	None	**Office Number**	G-3A04
Class Schedule	TF: 12:10-13:30 in G-002	**Office Hours**	Monday 9:00 a.m. to NOON.
Credits	4	**Email**	jward@aup.edu
Semester	Fall 2019	**Office Tel. Ext.**	803

Course Description

We will explore Foreign Exchange (FX) Markets. Via 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? 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.

This course also focuses on international aspects of financial markets and the effects of trends in technology, globalization, and regulation. Currency exchange rates have a major impact on international transactions and on the businesses operating environment. As the most liquid financial market, there are a variety of derivative contracts available on currency prices, such as forwards, futures, options and swaps. The course explores in-depth perspectives on these. For many firms, exchange rates are primarily viewed as ***risks*** affecting operational and financial positions that need to be managed. Currency risk management is one of the course' main focuses. For investors, currencies as well as international equity and bond markets represent opportunities that complement domestic investments. The course studies currency investment strategies such as carry trades, momentum and fundamental approaches. The target student should aspire to a career that includes financial officers, banking, consulting, and investor relations.

IBA 3050 International Financial Markets builds on skills acquired in introductory finance, economics and statistics courses. The course format, for the most part, is lecture-based, with several case discussions. Course assignments are quantitative.

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

Following an introduction to the International Monetary System and Foreign Exchange Markets, students explore spot and spot-forward arbitrage. They also engage in a FX trading competition using a Demo platform. Students will complete a project on exchange rate forecasting, and discover the essentials of financial derivatives (options, futures and swaps), including practical applications. At the end of the course special topics such as ETFs are investigated.

Tues., September 3	International Financial System Overview	Mishkin, Chapter 1, 2 Weithers Chapter 4	Attendance sheet signature	“Are we there yet?”
Fri., September 6	Economics of Exchange Rates	Mishkin, Chapter 18	Assignment One (1): C.V.	Possible Quiz
Tues., September 10	Intro to Foreign Exchange	Weithers, Chap. 1 &2		Possible Quiz: Intro to FX
Friday, September 13	Spot Exchange Rates; Triangular Arbitrage	Weithers, Chapter 5	Small Team Formation: Currency Movements	Possible Quiz
Tues., September 17	Explanation of Project One: (implied quotes	Weithers, Chapter 5	Group Reports on FX currency movements	Possible Quiz: Currency Conversion

	and arbitrage (?))			
Fri., September 20	Return Quizzes, "Interest Rates"	Weithers Chap. 3	Interest Rate Exercises Weithers, Chapter 3, assigned	Possible Quiz
Tues., September 24	Project One (1) Due Group Presentations: Foreign Currency Reporting "Spot-Forward Arbitrage using Bid-Ask Spread"	Weithers, Chapter 6	Interest Rate Exercises Weithers, Chapter 3, due New Assignment: Project 2 – Forward-Spot Arbitrage	Possible Quiz
Fri., September 27	Group Currency Reports Forwards: Non-deliverable Forwards	Weithers, Chapter 6		Possible Quiz
Tues., October 1st	Explanation of FX Trading Project	The Essentials of FX Trading by James Chen	Project 2 – Forward-Spot Arbitrage, due	Possible Quiz
Fri., October 4th	Summary and review	All previous readings		Possible Quiz
Tues., October 8th		All previous readings		**Mini-Mid-Term One**
Fri., October 11th				Possible Quiz
Tues., October 15th	Updates full schedule on Sep. 20.	Updates full schedule on Sep. 20.	Updates full schedule on Sep. 20.	MID-Semester Grades are DUE
Fri., October 18th				Possible Quiz
Tues., October 22nd				Possible Quiz
Fri., October 25th				Possible Quiz
Tues., October 29th				Possible Quiz
Tues., November 5th				Mini-Mid-Term Two (2) (cumulative)

Fri., November 8th				Possible Quiz
Fri., November 15th				Possible Quiz
Tues., November 19th				Possible Quiz
Fri., November 22				Possible Quiz
Tues., November 26th				Possible Quiz
Fri., November 29th				Possible Quiz
Tues., December 3rd				Possible Quiz
Fri., December 6th			Assignment Last: Re-written C.V. – incorporating Assignment One with what you have learned in this course.	Possible Quiz
Mon., Dec. 16th, 8:30 a.m.	Int'l Financial Markets	Comprehensive		FINAL EXAM

Professor Biography: James Noel Ward, M.Sc.F., FRM, PRM, D.E.A. is a Ph.D. candidate in Applied Mathematics for Finance. He is Former Head of High Yield Investments for AXA Investment Managers-Paris. Previously he was Vice President and Head of Research for Alternative & Derivative Investments (ADI), a Paris-based international hedge fund. He holds a B.A. in Philosophy from Boston University; a Master of Science in Finance (with distinction) from The George Washington University; the Certified Financial Risk Manager (FRM) professional Charter of the Global Association of Risk Professionals (GARP); and the Chartered Professional Risk Manager (PRM) professional Charter of the Professional Risk Manager International Association (PRMIA). Prof. Ward has lectured at INSEAD, The George Washington University, Temple University, EDHEC-Nice, and L'École Nationale Supérieure d'Informatique pour l'Industrie et l'Entreprise and Deep Springs College. Prior to joining ADI he worked as an analyst for The Union Planters National Bank, REFCO International, Bear Stearns, Lehman Brothers, Bloomberg BNA, and as an economist at The Sparks Companies. He regularly consults with various portions of the government of the Kingdom of Cambodia (Khmer: ????????????????????, Preah Réachéanachâk Kâmpuchéa), as well as the National Bank of Cambodia. In 2014 he was visiting Professor of Economics at Deep Springs College. He teaches Corporate Finance, Investment Analysis, International Financial Management, International Financial Markets, and Computational Finance and has taught Financial Accounting, Operations Management, and Business Information Systems for Competitive Advantage, Statistics, and Entrepreneurship. Professor Ward is married to Chantana Ly Vath Ward, an AUP alumna (MSF, 2007).

Textbooks

Title	Author	Publisher	ISBN	Required
Economics of Money, Banking and Financial Markets Global Edition	The Economics of Money, Banking and Financial Markets Global	Pearson	9780273765738	Yes
Foreign Excahnge - A Practical Guide to FX Markets	Tim Weithers	Wiley	9780471732037	Yes

Attendance Policy

Attendance Policy: Students studying at The American University of Paris are expected to attend ***ALL*** scheduled courses, 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.

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. 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 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.

PROFFESOR WARD's ATTENDANCE POLICY: I take attendance and you must repeat the course if you miss more than four (4) sessions….and yes more than ten (10) minutes "late" four times counts.

All other policies, including academic integrity, are bound by the university's general policy. Copies of the University's policies were given to each student at registration and are available at the office of the Registrar. **You have signed an agreement to abide by them.**

Academic Integrity: I am well-known for Failing ("F") students who cheat and I petition The

American University of Paris Honor Board for your removal ("expulsion") from the University. Finance is the most highly regulated industry in the world, more rigorously regulated than even the nuclear power industry, and there still are too many "bad actors" and crooks in the profession. I will not allow my name to be associated with a cheat, and will not sign off on you receiving a degree from this institution. I also am a famously easy grader for those students who consistently give me their best and improve.

Communication: We use Blackboard for this course. Students are responsible for checking the Blackboard website and their AUP email for updates. I have all sorts of stuff on Blackboard and will be putting up more.

Laptops & Mobile Telephones & ZxvtyPads: Laptops are not allowed except when authorized for note taking or for specific exercises. Permission may be reversed**.** Mobile-phones should be either off or on silent. If you are "PHONESTURBATING" during course lectures I will confiscate your telephone. If your telephone goes off during course I SEIZE YOUR TELEPHONE until next course. YOU HAVE BEEN WARNED.

To do well in this course you must:

- Attend the course sessions.
- Read the assignments and work the little exercises along with the text.
- Think about the material and the new way of thinking it is exposing you to.
- Complete the assignments.
- Read the supplemental material.
- Think about the material in the world around you…

Tests and assignments are designed to SAMPLE whether you are engaging in the material or not, and will quickly reveal whether you are merely "present" versus "thinking and learning."

There is no way to learn this material by me standing here telling you about it or you just listening to your fellow students. **If you believe just sitting in a course room is going to make you good at understanding this material, then you must believe that sitting in a garage would turn you into a car.** To learn you will have to work exercises. If you make effort, that effort will be rewarded with comprehension, knowledge, and eventual mastery of this material and these skills. This is a COURSE: an education, not a training sequence.

***Content Modification:** In the Anglo-American academic tradition a professor has full control of the content and organization of a course, materials, classroom, and grading practices and may modify it at any time based on assessment and progress of students. It is more likely I will have to do that than not.

Grading Policy

Grading Policy:

- 15% Quizzes/Course Participation/Oral Questions (in course)
- 55% Exams (2 Tests and Cumulative Final Exam)
- 30% Course Assignments/Case Studies *includes GROUP QUESTIONS (in-course)*

No make-up exams will be given without submission of attestation from a physician. Assignments will not be accepted after the due date. I do not accept late assignments. If a student misses a quiz due to absence a zero is recorded as grade. There are seven to ten quizzes and I drop the lowest quiz.

GRADING: ALWAYS *SUBMIT ASSIGNMENTS* IN BOTH A HARD COPY AND BY E-MAIL.

Electronic files:

• E-documents should also include student's name and ID number (top of first page) as well as page numbers, saved as Word document, and e-mailed to me on or before the deadline.

• File name should start with student's last name, first name, course number, and type of assignment. Any file with wrong file name and format will be automatically rejected and not graded. For example, John COOPER's final paper will be named as: **COOPER-John-BA3050-FinalAssignment.xls**

Grading Scale:

Excellent	Good	Average	Unsatisfactory
95-100 A (4.0)	87-89 B+ (3.3)	77-79 C+ (2.3)	67-69 D+ (1.3)
90-94 A- (3.7)	84-86 B (3.0)	74-76 C (2.0)	64-66 D (1.0)
	80-83 B- (2.7)	70-73 C- (1.7)	60-63 D-(0.7)
			Under 60 F (0)

Grading Description:

• Excellent: Reserved for superior quality and outstanding performance.

• Good: Granted to above average and thorough performance

• Average: adequate and acceptable work meeting course requirements, average comprehension

• Unsatisfactory: An unacceptable and non-passing grade reserved for low performance.

The high and low level of grading scale are reserved for exceptional cases. An excellent (A and A-) grade level is reserved for outstanding performance. Unsatisfactory (under C-) grade level students will be asked to drop the course before drop/add deadline.

How to Succeed In This Course: Pick Answer A or Answer B.

An ACADEMIC COURSE is….:

A. a series of meetings where an instructor shows you exactly what will be on a test, you memorize those answers, and then you regurgitate those answers back when you take the test, then you get academic credit.

B. a combination of learning through reading the assignments, working through example exercises, attending lectures, doing projects, and thinking about the material in your daily life using the examples, methods, vocabulary, and techniques that are part of the range and scope of the subject matter.

The answer is “B” NOT “A.”

A course is a combination of methods of learning. Description “A” is a method of training. You can train a dog or a pig to herd sheep with such a method, you can train a prisoner to memorize the Koran and become a member of the Religious Police upon release, you can train someone to break down and clean a firearm blindfolded with such a method (my wife and children can do this) but it is not a course on a subject matter, …it is training to a test or task. It teaches you how to do, but it does not teach you how to think ….and do.

Other