1 Contact Information

Office: 1237 RCB
Office hours: Please email me a day in advance to set up an appointment
E-mail: mahani@gsu.edu (best way to reach me)
Frequently check uLearn (https://gsu8.view.usg.edu/) for updated lecture notes & grades

2 Course Materials

Lecture Notes: The primary method of instruction is class discussions structured around lecture notes (posted on uLearn).

3 Prerequisites

- Successful completion of FI 4000. This requirement will be enforced by the department. If you do not meet it, you should expect to be automatically withdrawn.
- I will emphasize the quantitative aspects of international finance. You must be comfortable with methods of quantitative analysis and graphical analysis.

4 Grading

The overall grade in the course is based on points earned out of a total of 1000 points. For example, if a quiz has 50 points then it contributes to \( \frac{50}{1000} = 5\% \) of your final grade. I previously used the following table. **Note:** this table is subject to possible changes!

<table>
<thead>
<tr>
<th>Letter Grade</th>
<th>≥ Cut-off</th>
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</thead>
<tbody>
<tr>
<td>A+</td>
<td>970 (97%)</td>
<td>B+</td>
<td>870 (87%)</td>
<td>C+</td>
<td>770 (77%)</td>
<td>D</td>
<td>650 (65%)</td>
</tr>
<tr>
<td>A</td>
<td>930 (93%)</td>
<td>B</td>
<td>830 (83%)</td>
<td>C</td>
<td>730 (73%)</td>
<td>F less than 650(65%)</td>
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</tr>
<tr>
<td>A–</td>
<td>900 (90%)</td>
<td>B–</td>
<td>800 (80%)</td>
<td>C–</td>
<td>700 (70%)</td>
<td></td>
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</tr>
</tbody>
</table>
Discussion and Participation: 50 points (5%)

Participation in class discussions is very important. I call upon students randomly to answer questions or solve problems on the board. Each time your answer indicates that you were not following the class discussions, you will lose 10 points (1%).

Quizzes: 250 points (25%)

Quizzes are unannounced, given at any time in class. They may cover the material discussed earlier in the same class. They are all multiple-choice questions, close-book, and without a formula sheet. If you appropriately inform me about missing a quiz (see the attendance policies), the grade for that quiz will be distributed among other components of your grades. Otherwise, you will receive a zero for the quiz. There will be no make-up quiz. I will not drop any quiz.

Two Midterms: 2 × 200 = 400 points (40%)

The midterm exams are close-book, and without a formula sheet. They consist of short problems and multiple-choice questions. If you appropriately inform me about missing a midterm (see the attendance policies), the grade for that midterm will be distributed among other components of your grades. Otherwise, you will receive a zero for it. There will be no make-up exam.

Final: 300 points (30%)

The final exam is comprehensive, close-book, and without a formula sheet. It consists of short problems and multiple-choice questions.

5 Attendance Policies

Once you miss more than six hours (two weeks) of class, you will be withdrawn from the course with a “WF” grade!

If you miss a quiz, or an exam, for a legitimate reason you need to inform me in advance (except in cases of emergencies) and bring documents within a week to avoid being penalized. Otherwise, you will receive a zero. There are no make-up exams for quizzes and midterms.

To facilitate in-class communication, I have important rules that I ask you to follow during classes.

1. Please have a “name card”, with your name printed clearly on it, in front of you.

2. Please refrain from using cell phones or similar communication devices.

3. Please be on time. You need to be in class for the whole duration of it. If your entering/leaving the class appears to be disruptive, I will ask you to leave.
6 Instructor Evaluation

Your constructive assessment of this course plays an indispensable role in shaping education at Georgia State. Upon completing the course, please take the time to fill out the online course evaluation.

7 Disability Accommodation

Students who wish to request accommodation for a disability may do so by registering with the Office of Disability Services in Suite 230 or the Student Center. Students may only be accommodated upon issuance by the Office of Disability Services of a signed Accommodation Plan and are responsible for providing a copy of that plan to instructors of all classes in which an accommodation is sought.

8 Course General Outline

Deviations from this outline may become necessary. “Chapter” refers to the textbook.

Part 1: Basics of International Finance (Chapters 1, 2, 3, 5, 6)

Timing (approximate): 15 hours (five weeks)

Coverage and Objectives:
- Relative Prices
- Balance of Payments, International Flows, and Central Bank Interventions
- Foreign Exchange Markets: Market Structure, Bid and Ask Prices, Currency Arbitrage

Midterm-I

Part 2: Parity Conditions (Chapter 4)

Timing (approximate): 18 hours (six weeks)

Coverage and Objectives:
- Arbitrage: Commodity Arbitrage, Security Arbitrage, Law of One Price, Forecasting and Arbitrage
- Purchasing Power Parity: Absolute and Relative Form
- Real and Nominal Exchange Rates
- Interest Rate Parity: Implied Forward Rate, Covered Interest Arbitrage
Midterm-II

Part 3: Risk Management (Chapters 7, 9, 10)

Timing (approximate): 9 hours (three weeks)

Coverage and Objectives:
- Money Market Hedge
- Risk Management with Forwards and Futures
- Risk Management with Options: Shaping Risk Exposure

FINAL: Tuesday, 5/4/2010, 7:15 pm Comprehensive with more emphasis on the material after Midterm-II.