

Location and Time: Section 01 TWC 355 M W 11:00 am - 12:30 pm

**Instructor: Steve Johnson
 SHB 210F**

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Telephone: 936-294-1283

Please note: I want you to succeed in this course. I chose to be a finance professor because I like to help students succeed in their academic careers and to successfully prepare students for a good job after graduation. Please email me if anything course-related is unclear.

Office Hours:

**Tuesday/Thursday Huntsville campus, SHB 210F about 9:30 am - 10:50 am
and (almost) any time I'm in my office with my door open.**

**Monday/Wednesday The Woodlands Center, about 9:30 am - 10:50 am
I will usually be in the computer lab before class.**

**Monday night The Woodlands Center, about 5:30 pm - 5:50 pm
I will usually be in TWC 334 at this time.**

If these times are not convenient for you and you have questions about the course material, please schedule an appointment with me. In addition, if I am in my office and the door is open, I am usually (90%+ of the time) available.

Emails:

I will try to answer your emails as soon as possible. However, I do not usually check my email between late Friday afternoon and Sunday morning. The rest of the time, from Sunday afternoon until early Friday afternoon, I will usually be able to answer your emails within 24 hours, unless I am out of town and do not have access to a secure web connection.

IDEA Objectives:

1. Learn fundamental principles, generalizations, and theories.
2. Gain factual knowledge (terminology, classifications, thinking, problem solving, and decisions).

What this course will require and why this course is challenging:

1. This course requires a background in **finance (FINC 3320)**, **accounting**, **economics**, and **mathematics (prerequisites for FINC 3320)**.

i. A background in **finance** is required because this course extends many financial topics to global and foreign companies. In this course, we will look at time value of money, interpreting financial statements, stock and bond pricing, risk and return, capital budgeting, and other topics as well, all extended to the international case.



ii. A background in **accounting** is required because we will be analyzing firm performance by examining information contained in the firm's financial statements. Income statements, balance sheets, current assets, specific line items from the financial statements, and the matching principle are all topics that are very important in this course.



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iii. A background in **economics** is required because many topics from economics, such as market structure (pure competition/ oligopoly/ monopoly), economic profit vs. accounting profit, supply and demand, inflation, movements in interest rates, and more are **vital** for international finance.



iv. A background in **mathematics** is required for this course. Financial statement analysis, valuation of stocks, bonds, and capital budgeting projects, foreign exchange rate forecasting, and hedging risk by using derivative securities and operating decisions, **all** require the use of math. Some of the mathematics that we will use in this course includes, but is not limited to:

- 1) Setting up **word problems**
- 2) **Solving** equations
- 3) The use of **exponents** and solving equations with exponents

4) A basic knowledge of **graphs**.

5) An understanding of the **maximum** and **minimum** functions, and

6) An understanding of the **slope** and **intercept** of a line

These are **all** important mathematical skills for this course.



2. This course **will require intellectual effort beyond** that required by many other courses.

- i. This course draws heavily from material covered in previous courses. To be successful in this course, you will need to both
- 1) **recall** material learned in finance, accounting, economics, and mathematics, and
 - 2) **build** on previous coursework to solve problems in international finance.
- ii. International finance problems will often be **both quantitative and conceptual**. Many problems in finance involve **at least three steps**:
- 1) **Set up** a problem from finance as a set of **mathematical equations** to solve.
 - 2) **Solve** the equation from step #1.
 - 3) **Interpret** the results of the solution from step #2.
3. By learning the material in this course, **many topics in business news and world events will become clearer**. Some of these topics may include, but are not limited to, movements in the stock market, hostile takeovers, proxy contests, shareholder activism, restructuring, initial public offerings, seasoned public offerings, privatization, derivatives markets, commodities markets, hedge funds, mutual funds, several varieties of white-collar crime, market bubbles, and more.
4. By taking this course, you will learn how to **find answers to your own questions**. We will learn how to find multiple types of information from a number of different websites. Some of the types of information you will be able to access after taking this course include, but are not limited to the following: stock prices, foreign exchange rates, business news, financial terms and concepts, and commodity prices.
5. **Required materials** include the **textbook and a financial calculator**. **Note:** You **will** need the textbook and a financial calculator for this course.
- i. **Textbook:** International Financial Management, by Madura, 12th edition, ISBN 9781133947837

ii. **Calculator:** You will need a calculator that has the time value of money (TVM) functions. Graphing calculators usually have a menu of TVM functions. If you use any calculator other than a TI BA-2+ or TI-BA-2+ professional, I might not be able to help you since I always use the TI BA-2+.

Please bring your calculator to class and to exams. I will be using a Texas Instruments BA-2+.

Please do not bring any devices with wireless communication to the exam. If you have a **cell** phone it should be turned **completely off--not** just to vibrate.

iii. "A guide to energy hedging," by NYMEX,
http://www.kisfutures.com/GuideEnergyHedging_NYMEX.pdf

iv. Additional reading materials available for free online. Some websites we will often visit include www.investopedia.com, www.bloomberg.com, and www.garp.org.

Evaluation: There are 2 unit exams, a number of in-class quizzes and exercises, online homework, and one final exam in this course. The evaluation weights for each component of the course are as follows:

40%	2 unit exams (20 points each, 40 points possible)
20%+	In-class quizzes, in-class exercises and online homework (20+ points possible)
10%	Attendance (10 points possible, also, must be present for quiz & exercise credit)
20%	Final exam (20 points possible)
<u>+10% /-2%</u>	Professionalism (10 points possible, very unprofessional behavior = negative score)
100% +/-	

Unit exams: There are two unit exams in this course. Note that the student is responsible for any announcements made in class. If you miss an exam due to a university-sponsored event or other excused absence, let me know ASAP and I will write an alternate version that you can take when you return.

The final exam score will replace your lowest unit exam score if by so doing your grade is improved.

Taking unit exams: There are several details to remember about taking unit exams.

- i. Unit exams are **closed-book** (and **closed-neighbor**).
- ii. You may bring a 3x5 note card with you to the unit exams (not quizzes).
- iii. You may fill **both sides** of the card with notes.
- iv. You will need a financial calculator for the unit exams and the final exam. I recommend the Texas Instruments BA-2+. I will use the TI BA 2+ in class.
- v. **Laptops, iPads, and any type of calculating device with wireless communication capabilities are not allowed on the unit exams or the final.**

In-class quizzes, in-class exercises, and online homework:

i. **In-class quizzes and in-class exercises:**

1. Class will usually begin with a short quiz over both the required reading and anything mentioned in class or posted on Blackboard from the previous class(es) that was assigned material for the quiz. These will frequently be multiple-choice, so you will need to bring a scantron.

2. We will usually go over the quiz in class after handing in the scantrons.
3. We will also sometimes have other in-class activities. These will usually be group activities, although you may choose your group members yourself and you do not need to be in the same group every time.
4. You may not bring a notecard or sheet of notes to the quizzes.
5. I will provide guidance regarding exactly what material you are expected to know for each quiz.

ii. Online homework:

1. The online homework assignments will usually be multiple-choice questions based on the text and mp4s. These are open-book assignments but they are "closed-neighbor." You will have 30 minutes to complete each assignment once you begin.
2. Be sure to watch all the mp4s for the chapter before beginning the online homework assignment for the chapter.
3. The questions are drawn randomly from a pool of questions.
4. The due date for each online homework assignment may be before the chapter is discussed in class.

iii. One other point regarding the in-class quizzes and exercises and the online homework assignments:

Note that it is possible, with perfect attendance, full participation, and perfect scores on the homework assignments, to get more than 100% of this portion of the class (i.e., more than 20 points total).

Unit exam contents and study guide: Exams cover primarily the following material:

- i. **Practice problems.** I will assign additional practice problems. These problems are usually not to hand in. We will go over many of these problems in class. I often write Excel spreadsheet solutions for the quantitative problems and upload these spreadsheets to Blackboard after class. These spreadsheets contain all the steps to solving the problem. You can change any of the yellow-highlighted values to obtain a new practice problem.
- ii. **Lectures.** Often I type lecture material into Excel during class. After class, I upload the lecture to Blackboard. Lectures include both **qualitative** and **quantitative** material.
- iii. **In-Class Quizzes and Exercises:** Class will often start with a short quiz (except on exam days). These quizzes are typically over the required reading, but may also cover other material, as announced in class. We will also spend a significant amount of class time working on exercises. Absence from class will result in zero credit for that day's quiz and any other activities--with the exception of extreme circumstances (in which case, arrangements must be made ahead of time with the instructor).
- iv. **Required readings:** I will assign required readings from both the textbook and from online sources.
- v. **Study guide** I will provide a study guide before each unit exam. This study guide will contain specific items from categories i. - iv. above.

Final Exam:

- i. The final exam is **comprehensive**. It counts for 20% of your final grade and it can't be dropped. It will be given at the regularly scheduled time given in the schedule of courses.
- ii. The final exam is **closed-book (and closed-neighbor)**.
- iii. You may bring a **full 8.5" x 11" sheet of notes** to the final exam. You may fill both sides of the sheet with notes.

- iv. You will need a **financial calculator** for the final exam.
- v. **Communication devices, such as a cell phone with a calculator app, are not allowed on the final exam.**
- vi. **Study guide** I usually provide a study guide before the final exam.

Attendance: All students are expected to attend class regularly and punctually.

- i. **Student attendance will be taken each class meeting.**
- ii. You are allowed six unexcused absences per semester. Note that students who are absent without an acceptable excuse receive 0 points from any class exercise or quiz on that day, in addition to 0 points for attendance.
- iii. **Absences totaling more than six class periods (for classes that meet twice a week) or more than three class periods (for classes that meet once a week) will result in a grade of "F" for the course.**
- iv. **Please come to class on time.**
Three late arrivals will be treated like one class period absence and will be included in determining the class attendance and participation score.
- v. **Personal use of cell phones or personal communication using other devices during class is prohibited. However, if a cell phone does ring, or vibrate, I get to answer it.**
- vi. **Penalties for ringing cell phones, etc.** Typically, disrupting class with a ringing or vibrating cell phone, talking or texting on a phone, or other, similar behaviors, will count the same as one tardy. Persistent and/or extreme disruptions of class may be penalized more strongly. If this occurs regularly, this behavior will also lower the "Professionalism" score as well.

vii. Excused absences are listed in the University Bulletin. **Any and all misconducts will be handled according to the procedures presented in the bulletin.**

Professionalism: Professional behavior will be rewarded. The potential positive impact is 10%, an entire letter grade.

There are several ways to assure that you will not get credit for professionalism. The classroom is your corporate office. Business-like behavior is both required and appreciated.

i. Unprofessional behavior, such disrupting class by talking out loud with your neighbors, talking on a cell phone, etc., will result in a reduced professionalism score. Persistent use of computers or other electronic devices during class for any purpose other than the assigned task or for taking lecture notes will also result in a penalty to your "Professionalism" score.

ii. Extremely and/or consistently unprofessional behavior will result in a score of 0 or less for professionalism. ***If you behave in a way that would result in being fired from a job, you will not pass this course.***

Study: This is an upper-division, 4000-level, university course. This course is taught at a higher level than the prerequisites (1000- and 2000- level courses and FINC 3320) for this class.

i. You are expected to study from one to two hours outside of class for each hour in class. Reading chapters ahead of the lecture schedule and reviewing your notes immediately after class will greatly enhance your learning of the material.

ii. Be sure to check Blackboard and to download the class notes regularly.

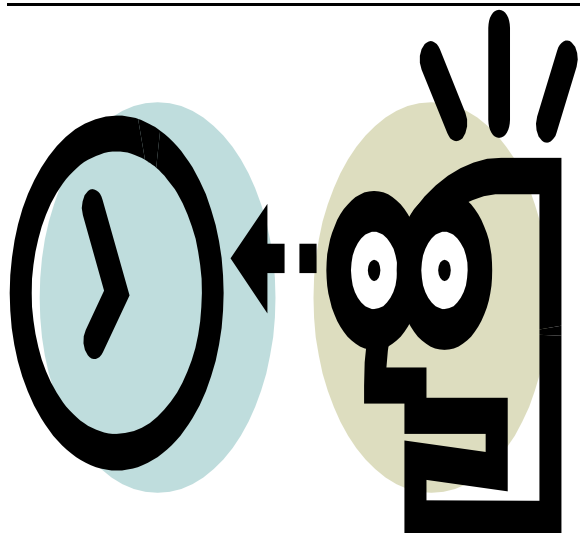
iii. If you have any trouble with any aspects of the course work, please feel free to stop in during my office hours. To see me outside office hours, it is advisable to make an appointment so that I can be at my office when you stop by.

Technology requirements: Every student in this course must have a working SHSU email account and check it regularly, at least once or twice a day. I will use SHSU to communicate with you outside of class. Every student in this course must also have access to Blackboard. I regularly post announcements and files on Blackboard.

University policies: Please see <http://www.shsu.edu/syllabus/> for the following:


- * University policy on academic dishonesty
- * Student absences on religious holy days policy
- * Students with disabilities policy
- * University policy on visitors in the classroom

Course Outline: FINC 4340 01 M W @11:00 am



This is a **tentative** course outline. There will almost certainly be changes in this schedule as the semester progresses. This may include dates as well as topics. You are responsible for everything, including, but not limited to, reading assignments and announcements, presented in class.

Dates	Chapters	Topics
W 17 Jan	3 + intro	Syllabus, math review, TVM, basics of FX rates, changes in FX rates, Excel notation, articles, news, additional topics as time permits
M 22 Jan W 24 Jan	4, begin 5, + articles	Syllabus, math review, TVM, Basics of FX rates, changes in FX rates, exchange rate determination, currency derivatives, articles, news, articles
M 29 Jan W 31 Jan	5, 6 + “A guide to energy hedging,” + other articles	Currency derivatives, government influence on exchange rates, international arbitrage, interest rate parity, articles, news
M 5 Feb W 7 Feb	TBA, Review for exam, Unit Exam #1	TBA, Review for exam, Unit Exam #1 on Wednesday, 7 February
M 12 Feb W 14 Feb	7 + “Should we fear derivatives?” + other articles	TBA: International arbitrage, interest rate parity, “Should we fear derivatives?” paper, articles, news;

M 19 Feb W 21 Feb	8 + LTCM paper + other articles	Review of statistics including regression, purchasing power parity, international Fisher effect, forecasting FX rates, articles, news
M 26 Feb W 28 Feb	9, 10 + articles	Review of statistics including regression, forecasting FX rates, FX exposure, commodity price risk exposure
M 5 Mar W 7 Mar	11 + articles + news	Managing transaction exposure (fx and commodity), Hedging with derivatives, news, articles, TBA
3/12- 3/16		SPRING BREAK!!!!!!!!!!!!!!!!!!!!!! 
M Mar 19 W Mar 21	Review for exam, TBA, Unit Exam #2 on Wednesday	Review for Exam #2; TBA Exam #2 on Wednesday
M Mar 26 W Mar 28	12 + articles + news	Economic exposure (fx and commodity), translation exposure, articles, news, TBA
M Apr 2 W Apr 4	13 + articles + news	Direct foreign investment, mergers and acquisitions, articles, news, TBA
M Apr 9 W Apr 11	14 + articles + news	Multinational capital budgeting, articles, news, TBA
M Apr 16 W Apr 18	15 + articles + news	International corporate governance, articles, news, TBA
M Apr 23 W Apr 25	TBA	TBA
M Apr 30 W May 2	Review for final exam, TBA	Review for final exam, TBA

W May 7	Final Exam	FINC 4340 01 Final Exam Wednesday, May 9, 2018, 12:00 pm – 2:00 pm).