

## International Capital Markets with Focus on Asia

### Section 1

Instructor/Title	Professor Michael Palmer
------------------	--------------------------

#### 【Course Outline / Description】

This course will cover the issues facing global companies and global investors as they participate in international financial markets. The course will look at global risk factors which companies and investors face and the possible tools for managing those risks. As such we will examine country risk, exchange rate risk, geopolitical risk, and contagion risk.

Close attention will be given to the concept and measurement of risk in financial markets. Risk and return comparisons between the United States and other countries will be presented.

Globalization of financial markets will be a major theme of the course throughout the semester. As such we will examine the impact of financial market globalization on both businesses and investors. We will look at cross border borrowing arrangements for companies. In addition, we will explore the opportunities and challenges of international portfolio diversification for investors.

While the course will be global in scope, particular attention will be paid to Asian financial market and economic issues. We will pay close attention to current events during the semester. We will monitor exchange rate changes, equity and bond market moves, important country data, and key central bank decisions. Many of these events will form the basis for class lectures and discussions.

We will examine specific exchange rate forecasting models for some of the world's major currencies. In that regard we will look at short-term approaches, such as the Asset Choice Model as well as longer term models such as the Purchasing Power Parity. We will attempt specific forecasts with these models.

The format of this course is primarily lecture and discussion, with real-world in class assignments to help you make the linkage with global business firms and global investing as well as to gauge your understanding of the material.

### Section 2

#### 【Course Objectives/Goals/Learning Outcomes】

1. To develop an understanding and appreciation of the critical financial issues facing managers of international firms and global investors in today increasing globalized world.
2. To develop a way if thinking about and analyzing the complex relationships of economies and financial markets around the world.
3. To develop an understanding and appreciation of current issues in the area of international finance through the introduction of on line web sites and readings and discussions of current articles in the financial press.

### Section 3

#### 【Class Schedule/Class Environment, Literature and Materials】

copy & paste from your syllabus if you already have one which you distribute to the students at the beginning of the class. Ex: day 1, day2... Lesson 1, Lesson 2...

Course: International Capital Markets with Focus on Asia	Schedule of Instruction	Work outside of Classroom Activities
Lesson 1	Introduction to International Finance	Reading assigned articles
Lesson 2	Risk On Risk Off (RORO) model	Reading assigned articles
Lesson 3	Various measures of market risk	Reading assigned articles
Lesson 4	What Determines Financial Asset Prices?	Reading assigned articles
Lesson 5	Adaptive Model of Asset Prices	Reading assigned articles
Lesson 6	Efficient Market Model	Reading assigned articles
Lesson 7	Observations on Risk	Reading assigned articles
Lesson 8	Historical return data	Interpreting historical returns on various financial assets
Lesson 9	Use of standard deviation	Calculating and interpreting standard deviations of financial asset returns
Lesson 10	Systematic and Unsystematic Risk	Reading assigned articles
Lesson 11	Stock Betas	Interpreting various stock betas from online sources
Lesson 12	Diversification and Risk	Reading assigned articles
Lesson 13	The Capital Asset Pricing Model	Reading assigned articles
Lesson 14	Required return on a financial asset	Calculating and interpreting the CAPM on various equities
Lesson 15	Sharpe Ratio	Calculating and interpreting the Sharpe Ratio on various equities
Lesson 16	Fundamental Versus Technical Analysis	Reading assigned articles
Lesson 17	Book value and the Gordon Growth Model	Calculating and interpreting the Book Value and Gordon Ratio on various equities
Lesson 18	Bollinger Band and candlestick charting	Interpreting Bollinger Bands for various financial assets
Lesson 19	The Efficient Frontier	Reading assigned articles
Lesson 20	Markowitz and Sharpe	Reading assigned articles
Lesson 21	Optimal Portfolio Line	Reading assigned articles
Lesson 22	Behavioral Finance	Reading assigned articles
Lesson 23	Investor physiology and emotions	Reading assigned articles
Lesson 24	Financial market bubbles.	Reading assigned articles
Lesson 25	The Foreign Exchange Market	Reading assigned articles
Lesson 26	Spot and Forward Quotes	Analyzing spot exchange rates
Lesson 27	Interest Rate Parity Model	Calculating Forward Rates

Lesson 28	Forecasting Foreign Exchange Rates	Forecasting Exchange Rates Using the PPP model
Lesson 29	Strategies for Managing Risk	Reading assigned articles
Lesson 30	Forwards and Options	Selecting optimal risk management strategy

**【Textbooks/Reading Materials】**

Articles and prepared readings (and cases) will be distributed to students throughout the semester  
**Section 4**

**【Learning Assessments/Grading Rubric】**

Your grade for this course will be based on three exams. Exams will consist of essay questions from lectures and assigned readings. Questions will be designed to test your ability to connect concepts covered in class with real world events. Some questions will involve problem solving. A calculator will be needed for this class for these exams.

Final course grades will be determined as follows:

Exam 1: 30%  
 Mid-Term Exam: 30%  
 Final Exam: 40%

Class participation will be strongly encouraged, but will not be a factor in determining final grade. The dates for these exams will be provided during the first week of class.

Letter grades will be based initially on a 90%, 80%, 70%, 60% format. Adjustments to this format will be made during the semester as exams are given. Plus and minus grades might be given.

**Section 5**

**Prerequisites:** Principles of Macroeconomics.

**Required Supplies:** Basic Financial Calculator.