Unit Outline*

ECON7415

International Finance

Semester 1, 2011
Campus: Crawley

Unit Coordinator
Winthrop Professor Ken Clements

Business School
www.business.uwa.edu.au

* This Unit Outline should be read in conjunction with the Business School Unit Outline Supplement available on the Current Students web site http://www.business.uwa.edu.au/students
UNIT DESCRIPTION

Unit content
This course covers topics in modern international finance. Topics include purchasing power; parity theory; exchange rate economics; exchange rates and commodity prices; gold and other commodity standards; and international linkages of capital markets; and foreign exchange risk management.

Lectures and consultation hours
The class meets once a week from 14:00 - 16:45 every Thursday in BUSN:G42, Business School Case Study Room G42, ground floor of the Business School building. I can be consulted immediately after lectures and between 2.00pm and 5.00pm on Mondays in my office, Room 151 of the Business School (1st floor, Goldfields).

TEACHING AND LEARNING RESPONSIBILITIES

Teaching and learning evaluation
You may be asked to complete two evaluations during this unit. The Student Perception of Teaching (SPOT) and the Students’ Unit Reflective Feedback (SURF). The SPOT is optional and is an evaluation of the lecturer and the unit. The SURF is completed online and is a university wide survey and deals only with the unit. You will receive an email from the SURF office inviting you to complete the SURF when it is activated. We encourage you to complete the forms as your feedback is extremely important and can be used to make changes to the unit or lecturing style when appropriate.

CONTACT DETAILS

We strongly advise students to regularly access their student email accounts. Important information regarding the unit is often communicated by email and will not be automatically forwarded to private email addresses.

<table>
<thead>
<tr>
<th>Unit coordinator/lecturer</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name:</strong></td>
<td>Ken Clements</td>
</tr>
<tr>
<td><strong>Email:</strong></td>
<td><a href="mailto:ken.clements@uwa.edu.au">ken.clements@uwa.edu.au</a></td>
</tr>
<tr>
<td><strong>Phone:</strong></td>
<td>6488 2898</td>
</tr>
<tr>
<td><strong>Consultation hours:</strong></td>
<td>2pm – 5pm Mondays and directly after lectures</td>
</tr>
<tr>
<td><strong>Lecture times:</strong></td>
<td>Please check: <a href="http://www.timetable.uwa.edu.au">http://www.timetable.uwa.edu.au</a></td>
</tr>
</tbody>
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TEXTBOOK(S) AND RESOURCES

Unit website

http://www.webct.uwa.edu.au

Lecture notes and copies of articles

Two books, Lectures in International Finance and Readings in International Finance contain copies of the lecture notes and the key articles referred to in lectures. It is highly recommended that you purchase both books which are available from the Bookshop.

Additional resources and reading material

For some topics, this reading list is extensive and not everything has to be read. Where necessary, I will give detailed guidance to the reading in lectures. Copies of articles marked with an asterisk (*) are available in the book Readings in International Finance. A § indicates the paper is available for presentation.

1. Purchasing Power Parity


2. Exchange Rates and Productivity


3. The Economics of Real Exchange Rates


4. **Equilibrium Exchange Rates**


5. **Alternative Approaches to Exchange Rates**


6. **Exchange Rates and Commodity Prices**


7. **Gold and Other Commodity Standards**


8. Commodity Currencies


9. **International Linkages of Capital Markets**


**Other Useful Material**

A useful paper:


*Graphical information on macro aspects of the world economy:*

UNIT SCHEDULE

The following are the broad topics of the course and the approximate timetable:

<table>
<thead>
<tr>
<th>Week#</th>
<th>Dates of Thursday</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3 March</td>
<td>Introduction; Purchasing Power Parity</td>
</tr>
<tr>
<td>2</td>
<td>10 March</td>
<td>Purchasing Power Parity</td>
</tr>
<tr>
<td>3</td>
<td>17 March</td>
<td>Exchange Rates and Productivity</td>
</tr>
<tr>
<td>4</td>
<td>24 March</td>
<td>The Economics of Real Exchange Rates</td>
</tr>
<tr>
<td>5</td>
<td>31 March</td>
<td>Equilibrium Exchange Rates</td>
</tr>
<tr>
<td>6</td>
<td>7 April</td>
<td>Alternative Approaches to Exchange Rates</td>
</tr>
<tr>
<td>7</td>
<td>14 April</td>
<td>Alternative Approaches to Exchange Rates</td>
</tr>
<tr>
<td>8</td>
<td>21 April</td>
<td>Exchange Rates and Commodity Prices</td>
</tr>
<tr>
<td></td>
<td>28 April</td>
<td><strong>No lecture this week</strong></td>
</tr>
<tr>
<td>9</td>
<td>5 May</td>
<td>Mid-Semester Quiz; Commodity Currencies</td>
</tr>
<tr>
<td>10</td>
<td>12 May</td>
<td>Gold and Other Commodity Standards</td>
</tr>
<tr>
<td>11</td>
<td>19 May</td>
<td>International Linkages of Capital Markets</td>
</tr>
<tr>
<td>12</td>
<td>26 May</td>
<td>To be announced</td>
</tr>
<tr>
<td>13</td>
<td>2 June</td>
<td>Final exam in usual lecture venue and time</td>
</tr>
</tbody>
</table>
ASSESSMENT MECHANISM

The purpose of assessment

There are a number of reasons for having assessable tasks as part of an academic program. The assessable tasks are designed to encourage you to explore and understand the subject more fully. The fact that we grade your work provides you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.

Assessment mechanism summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Weight</th>
<th>Due date</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid semester quiz</td>
<td>30%</td>
<td>1 hour, in class</td>
<td>There will be no makeup quizzes. If your percentage grade in the mid-semester quiz is less than that in the final exam (or if you miss the quiz), then the final examination will be given 90 percent weight in the overall course assessment.</td>
</tr>
<tr>
<td>Class presentation</td>
<td>10%</td>
<td></td>
<td></td>
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<tr>
<td>All-inclusive final exam</td>
<td>60%</td>
<td>2 hours, in class</td>
<td></td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
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Note 1: Results may be subject to scaling and standardisation under faculty policy and are not necessarily the sum of the component parts.

Note 2: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning outcomes as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the unit.

PRESENTATION OF PAPERS

- Papers available for presentation are indicated by § in the Reading List given in the previous section.
- Each student is to provide:
  (i) A written report of about 1,000 words on the assigned paper. This report is to be given to me at the start of the last lecture on Thursday May 26.
  (ii) A presentation of about 20-30 minutes.
  (iii) A handout for all students in the lecture, to be distributed at the beginning of the presentation. This should be no longer than one A4 page – use both sides of the page and reduce the material to fit up to four pages on one piece of paper if needed. Include on the handout details of the paper being presented, and your name.
- This task is worth a total of 10 percent of the overall assessment for the unit. The written report will be graded out of 5 and presentation and summary handout out of 5
• Who is to present what and when are to be decided by the third week of lectures on Thursday March 17.

• On the cover page of the report, include the following information: International Finance 7415, details of the paper being discussed, and your full name and student number.

• On Monday May 30 the overall grades for this task will be posted on Web CT. After that date, papers will be available for collection from the Economics General Office.

• Prior to your presentation, you are welcome to consult with me on Mondays 2pm – 5pm, to clarify matters.

The nature of the presentation and the report

• In broad terms, the written report and presentation should include a statement of the problem, a summary of the paper and, where appropriate, a critique.

• Write and speak clearly.

• The report should be written according to usual academic standards. All ideas and material from other sources should be acknowledged and source material should be referenced fully. To indicate that this approach has been followed, include the following certification on the page immediately following the title page:

  Unless otherwise acknowledged, this report represents my original work.
  Signature of Student (Name of Student).

• At the end of the report give the word count.

Advice on presenting

• If you use PowerPoint slides, be aware that some people have difficulty reading them. Certain combinations of colours can also present a problem for some people. Use an appealing layout and do not include too much material on each slide. Use large font. As graphs and figures are difficult to display professionally on slides, you need to be extra careful with these to ensure that your audience can understand them. Under no circumstances should slides contain tables of a large number of figures taken directly from a published document – they simply don't “work” at conveying information in a clear and crisp manner.

• Do not read your notes. It is much more effective to talk to them.

• Practice your presentation several times before the real thing. Try tape-recording your practice sessions to see how you sound. Try video recording to see how you look.

• Take the presentation seriously, but do not get overly anxious.


Plagiarism, copying or cheating

All forms of plagiarism, copying and cheating are condemned by the University as unacceptable behaviour. This Faculty’s policy is to ensure that no student profits from such behaviour. Generally a failure will be recorded for the subject in which the cheating has occurred. Serious cases shall be referred to the University’s Board of Discipline. All students should note that cases of copying are automatically reported to the Sub-Dean and documentary evidence along with associated correspondence is placed on the student’s permanent record.
Charter of Student Rights and Responsibilities


Appeals against academic assessment

The University provides the opportunity for students to lodge an appeal against assessment results and/or progress status (refer http://www.secretariat.uwa.edu.au/home/policies/appeals).