

**Course Unit: 1961008 – International Finance**

Year 1 Semester 2 ISCED Code: 0412 ECTS: 5

Type of Course Unit Compulsory Delivery Mode: Face-to-face / Distance Learning Language of Instruction: Portuguese

**COURSE COORDINATOR: Maria Sacramento Basílio**

**HOURS OF WORK**

TOTAL HOURS	Contact Hours								Hours in autonomous work
	Theory	Theory and practice	Practical and laboratory work	Field work	Seminar	Internship	Tutorial guidance	Other	
125		30			5				90

Prerequisites (if applicable): <<Max 500 characters with spaces>>

**LEARNING OUTCOMES (knowledge, skills and competence)**

At the end of this curricular unit, the student should be able to:

1. To understand the importance of international financial markets
2. To identify foreign exchange exposures and how to use hedging mechanisms (internal and external - using financial products)
3. To analyse funding and investment decisions in an international context
4. To analyse investments using traditional methods – DCF methods and to understand the usefulness of real options
5. To develop the ability to conduct research in this field of finance.

**CONTENTS**

1. The importance of international finance
  - 1.1. International monetary system
  - 1.2. Exchange rate determination
  - 1.3. International parity conditions
2. Foreign exchange markets
  - 2.1. Foreign exchange market: Spot and forward
  - 2.2. Exchange risk exposures
  - 2.3. Hedging instruments using internal and external techniques
3. Investment and financing decisions in an international context
  - 3.1. Main types of funding
  - 3.2. Risk and cost of external financing
  - 3.3. International Investment Decisions:
    - 3.3.1. Assessment methods and perspectives;
    - 3.3.2. Classical approaches based on the discounted cash-flow method;
    - 3.3.3. Strategic flexibility: real options.

3.4. Other relevant concepts: Financial Syndication, Project Finance.

### **DEMONSTRATION OF THE CONTENTS COHERENCE WITH THE COURSE UNIT'S LEARNING OUTCOMES**

The curricular unit contents are directly related to the goals to be achieved by the student, so the first point of the syllabus achieves the 1st goal, motivating students to the importance of international finance and discussing its relevance and timeliness. Section 2 of the syllabus is related to the 2nd goal of "to identify foreign exchange exposures and to use hedging mechanisms". Objectives 3 and 4 are achieved with the topics covered in section 3 of the syllabus, concerning financing and investment decisions in an international context. Finally, the 5th goal has a transversal nature and is achieved with the contents of the entire syllabus.

### **TEACHING METHODOLOGIES**

In general terms, the classes are TP where the main concepts are presented and practical cases are solved. The UC works on a blended learning basis with 1/3 of the hours working online. Mainly, in the online sessions, active learning strategies will be used, centered in the student. Collaborative activities are foreseen, in the sense of encouraging the participation of students, for example, participation in forums, use of tools such as the jamboard, mentimeter for the development of skills and joint construction of knowledge.

Work group: students will be provided with a set of topics (topics of the program and current themes in the area of international finance) for the development of a group work, with a weight of 40% in the final grade. Alternatively, the theme may be proposed by the students if appropriate to the nature of the contents of the UC. The works will be subject to mandatory presentation and debate/discussion in the classroom.

### **DEMONSTRATION OF THE COHERENCE BETWEEN THE TEACHING METHODOLOGIES AND THE LEARNING OUTCOMES**

For a masters degree, it is essential to foster in students the ability to carry out research / investigation, as well as an active and critical attitude in the teaching-learning process.

It is considered that the methodologies presented allow achieving these goals, since the development of a group work will place emphasis on the students' work, on their ability to investigate / deepen a theme, developing autonomy and reinforcing their role in the process of learning. At the same time, through academic work and seminars, it will allow the students to discover topics / themes of possible interest for the completion of the master's final work (dissertation / project work / internship report).

### **EVALUATION METHODS**

Assessment:

- Interventions and class participation, group work with presentation and oral discussion;
- A mandatory written test that will focus on all topics of the program.

Whenever possible, seminars (5h) will be held by external guests on topics addressed in the study plan to reinforce the practical component.

### **MAIN BIBLIOGRAPHY**

- Eiteman, D. K., Stonehill, A. I., & Moffett, M. H. (2023). *Multinational Business Finance*, 16th edition. Prentice Hall.
- Levi, M. D. (2009). *International Finance*. 5th Edition. Taylor & Francis.
- Pacheco, L; Tavares, F; Salazar, V; Vieira, E. & Peguinho, C. (2023). *Finanças Internacionais: Teoria e Prática*. 2ª Edição. Edições Sílabo.
- Sercu, P. (2009). *International Finance: Theory into Practice*. Princeton University Press.
- Shapiro, A. & Hanouna, P. (2019). *Multinational Financial Management*, 11th edition. John Wiley & Sons.
- Silva, E., Mota, C., Queirós, M. & Pereira, A. (2016). *Finanças e Gestão de Riscos Internacionais*, Vida Económica. 2ª Edição.

Recent articles provided by the teacher and obtained in refereed journals of the specialty, e.g. *International Finance* [http://onlinelibrary.wiley.com/journal/10.1111/\(ISSN\)1468-2362](http://onlinelibrary.wiley.com/journal/10.1111/(ISSN)1468-2362) or in the specialized press: *Financial Times* <http://www.ft.com/home>.