

SYLLABUS for BALANCE OF PAYMENT AND FOREIGN EXCHANGE MARKET

Basic data for the course	
Academic unit:	Faculty of Economics
Title of the course:	Balance of payment and foreign exchange market
Level:	Bachelor
Status of the course:	Elective
Year of studies:	Second year – Fourth semester
Number of hours per week:	2+0
ECTS credits:	3
Time/location:	Faculty of Economics, University of Prishtina “Hasan Prishtina”
Tutor:	Vlora Prenaj
Tutor’s contact details:	drita.konxheli@uni-pr.edu
Content of the course	
	<p>The course will enable students to understand the theory of international finance and on its real world applications from a business point of view; Understanding the foreign exchange markets and world capital markets (banking, debt and equity) necessary to carry out a sound and effective management of the firm from a financial point of view. And since multinational corporations face opportunities but also risks, financial management involves the design of appropriate strategies to hedge the company from actual and potential risks through the use of the different types of financial assets (such as derivatives) available for this purpose. The course is comprised of the following topics; Introduction; Globalization and the MNC Balance of Payments: global capital flows and imbalances; Foreign Exchange Markets: spot vs. forward rates, swaps; Foreign Exchange Markets: exchange rate determination; Foreign Exchange Markets: interest rates & exchange rates; Intervention in Foreign Exchange Markets; International Capital Markets: Credit and Money Markets; International Capital Markets: Debt and Equity Financing; Globalization and Market Integration; Forecasting Exchange Rates; Measuring Exposure to Exchange Rate Fluctuations; Currency Derivatives; Managing Transaction Exposure; Managing Economic and Translation Exposure; Foreign Direct Investment; Financing in the Long-Term; Financing International Trade; Financing in the Short-Term;</p>

	International Cash Management.		
Course's objectives:	This process has many causes and implications (cultural, technological, political, environmental, etc.), but it is widely accepted that Finance is the dimension in which it is most advanced.		
The expected outcomes:	On completion of the course, the students should be able to: Analyze the balance of trade and balance of payments and their connection to the development of macroeconomic policy; Examine the effects on the national economy of balance of payments' current account and capital account surpluses and deficits; Develop and use models of international parity relations, such as interest rate parity, purchasing power parity, and the international fisher equation; Judge whether international parity conditions are met; Develop and use monetary models of exchange rate determination; Analyze the differences between foreign exchange spot and forward markets; Analyze the use currency derivatives to hedge currency risk; Evaluate various types of currency arrangements and illustrate why one exchange rate method would be preferred to another.		
The students' workload (hours per semester, ECTS)			
Activity	Week	Hours	Total
Lectures	2	13	26
Seminars (theoretical and practical)			
Case studies			
Direct contact with tutor	1	15	15
Field research			
Colloquiums	2	2	4
Homework			
Individual study (at library or at home)	2	15	30
Final preparation for the exam			
Evaluation			
Projects, presentation etc.			
Total			75
Teaching methods:	The teaching process is organized through lectures by applying interactive discussion, team – work and the presentations of the seminars by students, which will be discussed during the class.		
Assessment methods:	10% active participation in the class; 10% preparation and presentation of a seminar; Test 1 =		

	40%; Test 2 = 40%.
Literature	
Basic literature:	<ol style="list-style-type: none"> 1. International Corporate Finance, Jeff Madura, published by South Western, 2012 2. International Financial Management (2nd Edition) (Prentice Hall Series in Finance) [Hardcover]; Geert J Bekaert, Robert J. Hodrick, September 11, 2011 ISBN-10: 0132162768; ISBN-13: 978-0132162760; Edition:
Additional literature:	<ol style="list-style-type: none"> 3. International Financial Management (Mcgraw-Hill/Irwin Series in Finance, Insurance, and Real Estate) [Hardcover], CheolEun, Bruce Resnick, March 31, 2011,

The detailed plan of work:	
Week	Topic
<i>Wee 1</i>	Introduction
<i>Wee 2</i>	Globalization and the MNC Balance of Payments
<i>Wee 3</i>	Global capital flows and imbalances;
<i>Wee 4</i>	Foreign Exchange Markets: spot vs. forward rates, swaps;
<i>Wee 5</i>	Foreign Exchange Markets: exchange rate determination;
<i>Wee 6</i>	Foreign Exchange Markets: interest rates & exchange rates;
<i>Wee 7</i>	Intervention in Foreign Exchange Markets; International Capital Markets: Credit and Money Markets;
<i>Wee 8</i>	International Capital Markets: Debt and Equity Financing;
<i>Wee 9</i>	Globalization and Market Integration;
<i>Wee 10</i>	Forecasting Exchange Rates;
<i>Wee 11</i>	Measuring Exposure to Exchange Rate Fluctuations;
<i>Wee 12</i>	Currency Derivatives; Managing Transaction Exposure;
<i>Wee 13</i>	Managing Economic and Translation Exposure;
<i>Wee 14</i>	Foreign Direct Investment; Financing in the Long-Term;
<i>Wee 15</i>	Financing International Trade; Financing in the Short-Term; International Cash Management.

Academic policies and code of conduct:
Students are expected to participate in lectures, seminars and group discussions. Tutor is available for individual consultations as well. Students are required to read the literature before each lecture. Students are not obliged to undertake the intermediate assessments during the semester. They should respect the code of conduct during lectures and exams and in communication with the academic staff.