



"الريادة والأبداع في الأعمال"

"Entrepreneurship and Innovation
in Business"



جامعة الزيتونة الأردنية
Al-Zaytoonah University of Jordan
كلية الأعمال
Faculty of Business

"عراقة وجودة"
"Tradition and Quality"

Detailed Course Description - Course Plan Development and Updating Procedures/ Finance and Banking Department	QF05/0408-3.0 E
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Faculty	Faculty of Business	Department	Dept. of Banking and Finance
Course number		Course title	International Finance
Number of credit hours	3	Pre-requisite/co-requisite	Microeconomics

International finance, and international business finance in particular, is all about making decisions in the context of international financial environment. This course focuses on developing some of the tools that are necessary for students to be able to frame and solve the basic problems in international financial decision-making. We will confine our study to the topics of international financial environment, exchange rate behavior and its management, and investment financing decisions of multinational corporations.

	Course goals and learning outcomes
Goal 1	To gain a rudimentary understanding of the makeup and functioning of foreign exchange markets.
Learning outcomes	1.1 understanding of the theories of international finance issues and apply them to real world situations. 1.2 Identify and analyze transaction exposure to exchange rate fluctuations and manage the transaction exposure using multiple hedging techniques.
Goal 2	To learn how to analyze and interpret Balance of Payments statistics and their relevance to national economies and exchange rates.
Learning outcomes	2.1 Students should be able to identify Balance of Payments statistics 2.2 analyze and interpret Balance of Payments statistics
Goal 3	To get acquainted with foreign exchange derivative tools including futures and options.
Learning outcomes	3.1 Students should understand foreign exchange derivative tools 3.2 Solve problems related to international arbitrage and interest rate parity
Goal 4	To develop a working knowledge with the numerous factors affecting exchange rates and their fluctuations.



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Learning outcomes	4.1 Students should understand the numerous factors affecting exchange rates
Textbook	1.- 1- International Economics by Robert J. Carbaugh, 8th edition
Supplementary references	1.- 2.- 3.-

Course timeline				
Week	Number of hours	Course topics	Pages (textbook)	Notes
01	6 - 24	The Balance -of-Payments(BP) 1.Double -Entry Accounting 2. BP Structure : Current Account& Capital Account	3	01
02	341 - 359	The Balance -of- Payments(BP) 3. What Does a Current Account Deficit (Surplu s) Mean? 4. Net Foreign Investment and Current Account Balance 5. The Impact of Capital Flows on the Current Account	3	02
03	361 - 389	6. Is Current Account Deficit a Problem ? 7. Balance of International Indebtedness	3	03
04	361 - 389	The Foreign Exchan ge Market 1. Spot and Forward Exchange Rates 2. Forward and Futures Markets 3. Foreign -Currency Options 4. Exchange - Rate Determination :Demand & Supply of Foreign Exchange 5. Equilibrium Rate of Exchange	3	04
05	361 - 389	The Foreign Exchange Market 6. A dvantages and Disadvantages of a Strengthening and Weakening Currency 7. Nominal , Real , and Effective Exchange Rate	3	05



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		8. Arbitrage 9. The Forward Market : The Forward Rate 10. Forward Market Functions : Hedging		
06	361 - 389	The Foreign Exchange Market 11. Interest Arbitrage : Uncovered and Covered Interest Arbitrage 12. Foreign - Exchange Market Speculation	3	06
07	395 - 430	Exchange -Rate Determination 1. Exchange -Rate Determination in a Free Market 2. Interest Rates and Exchange Rates 3. Inflation Rates , Purchasing Power Parity (PPP) , AND Exchange Rates : The Law of One Price (LOP) and PPP	3	07
08	395 - 430	Exchange -Rate Determination 4. The Monetary Approach Exchange -Rate Determination 5. Exchange -Rate Overshooting 6. Forecasting Foreign -Exchange Rates : Judgmental , Technical , and Fundamental Analysis + Appendix 11(page 429)	3	08
09	431 - 445	Balance -of-Payment Adjustments Under Fixed Exchange Rates Price , Interest Rates , and Income Adjustments Income Determination in a Closed Economy & in an Open Economy	3	09
10	431 - 445	Balance -of-Payment Adjustment Under Fixed Exchange Rates 3. The Foreign Trade Multiplier 4. Monetary Adjustments 5. Policy Implications	3	10
11	447 - 459	Exchange -Rate Adjustments and the Balance of Payment 1. Effects of Exchange -Rate Changes on Costs and Prices 2. Requirements for a Successful Depreciation (Devaluation) 3. The Elasticity Approach to Exchange -Rate Adjustment 4- Time Path of Depreciation (Devaluation) : The J Curve Effect	3	11



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12	465 - 468	Exchange -Rate Adjust ments and the Balance of Payment 5. The Absorption Approach to Exchange -Rate Adjustment 6-The Monetary Approach to Exchange -Rate Adjustment	3	12
13	469 - 476	Exchange -Rate Systems 1. Fixed Exchange -Rate System & Exchange -Rate Stabilization -2 Devaluation & R evaluation	3	13
14	469 - 476	Exchange -Rate System 2. Stabilizing Currencies of Developing Countries : Currency Boards Versus Dollarization 3. Floating Exchange Rate 4. Arguments for Against Floating Rates 5. Exchange -Rate Stabilization and Mo netary Policy	3	14
15	497 - 506	Macroeconomic Policy in an Open Economy 1. Economic Objective of Nations : Internal Balance (IB) & External Balance (EB) 2. Policy Instruments	3	15
16	497 - 506	3- Monetary Policy and Fiscal Policy Under Fixed & Floating Exchan ge -Rate Systems	3	16

Theoretical course evaluation methods and weight	Participation = 10% First exam 20% Second exam 20% Final exam 50%	Practical (clinical) course evaluation methods	Semester students' work = 50% (Reports , research, quizzes, e tc.) Final exam = 50%
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Approved by head of department		Date of approval	
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Extra information (to be updated every semester by corresponding faculty member)

Name of teacher		Office Number	
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Phone number (extension)		Email	_____@zu.edu.jo
Office hours			