**Kuwait University**

**College of Business Administration**

**Economics Department**

**Course Syllabus**

**ECON 1030315– Economics of International Finance**

**Spring – 2022/2023**

**Dr. Imad Moosa**

**Lecture Time and Location**

Sunday, Tuesday, Thursday, 15:00-15:50, D2-1007

**Contact Information**

**Location**: Economics Department – 3rd Floor – Office No. 1022

**Email**: imad.moosa@ku.edu.kw

imad.moosa@gmail.com

**Office Hours**: Sunday, Tuesday, Thursday, 1:00 – 2:00 pm or by email appointment

Course Description

This course is deals with the macroeconomic aspects of international finance. The course covers eight topics, starting with a general overview of international finance, including an examination of the indicators of the internationalization of finance. This is followed by a description of the foreign exchange market, including participants and traded currencies. Topic three is about exchange rate concepts, including spot, forward, bilateral, effective, nominal and real exchange rates. International arbitrage is described in Topic 4, including two-point arbitrage, triangular arbitrage, commodity arbitrage, covered arbitrage and uncovered arbitrage The structure of the balance of payments and how it is related to the FX market are discussed under Topic 5, followed by approaches to the balance of payments in Topic 6. Theories of exchange rate determination are covered in Topic 7, including purchasing power parity and the monetary model of exchange rate determination. The last topic is about the international monetary system and exchange rate arrangements.

**Course Learning Objectives:**

Upon successful completion of the course, students will be able to:

CLO1: Distinguish between the micro and macro aspects of international finance

CLO2: Grasp the working of the foreign exchange market and its relation to the balance of payments

CLO3: Understand theories of exchange rate determination and international parity conditions

CLO4: Explain the working of various exchange rate regimes

**CLO Mapping to CBA Skill Based Competency Goals**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| CLO | Competency Goals | | | |
| Analytical | Communication | Information Technology | Business Ethics |
| 1 | I | I |  |  |
| 2 | A | I |  |  |
| 3 | A | I |  |  |
| 4 | A | I |  |  |

**Type of Emphases:**

* **(I)ntroduce:** Students will be introduced to the skill and their grasp of it assessed in the course.
* **(A)pply:** The course will not cover the skill. Students should have a high-level grasp of the skill and are required to apply it in the course.
* **(R)einforce:** Students should have an introductory-level grasp of the skill and the course will improve their mastery to a higher level.

**Required Material:**

A comprehensive set of lecture notes will be provided. Additional reading may be prescribed in due course.

**In-Class Tests:** Four tests covering two topics each (60%).

**Final Examination**: A final examination will be taken during the examination period at the end of the semester (40%).

**Participation:** The quality of classroom discussions in large part depends on you and your preparation for the class.

**Class Preparation:** It is very important that students are prepared for each class by reading the lecture notes prior to attending the class.

**Attendance:** Every student in this course must abide by the Kuwait University Policy on Attendance (published in the Student Guide, Chapter 3, Section 13). A copy of the student guide can be accessed online on:

http://www.kuniv.edu/cs/groups/ku/documents/ku\_content/kuw055940.pdf

**Cheating and Plagiarism:** Students must abide by the Kuwait University Policy on Cheating and Plagiarism (published in the Student Guide, Chapter 3; Section 2). A copy of the student guide is accessed online on:

http://www.kuniv.edu/cs/groups/ku/documents/ku\_content/kuw055940.pdf

**Writing Style:** Students must refer to APA writing style for any homework or reports. Refer to the English Language Center for help.

**Grading:**

The final mark will be calculated as follows:

|  |  |
| --- | --- |
| **Weight** | **Description** |
| 60% | Four tests @ 15% each |
| 40% | Final examination |
| 100% | TOTAL |

**Grade Distribution:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Grade** | **Range** | **Or** | **Grade** | **Range** |
| A | ≥ 95 |  | A | ≥ 95 |
| A- | ≥ 90 and < 95 |  | A- | ≥ 90 and ≤ 94.9 |
| B+ | ≥ 87 and < 90 |  | B+ | ≥ 87 and ≤ 89.9 |
| B | ≥ 83 and < 87 |  | B | ≥ 83 and ≤ 86.9 |
| B- | ≥ 80 and < 83 |  | B- | ≥ 80 and ≤ 82.9 |
| C+ | ≥ 77 and < 80 |  | C+ | ≥ 77 and ≤ 79.9 |
| C | ≥ 73 and < 77 |  | C | ≥ 73 and ≤ 76.9 |
| C- | ≥ 70 and < 73 |  | C- | ≥ 70 and ≤ 72.9 |
| D+ | ≥ 65 and < 70 |  | D+ | ≥ 65 and ≤ 69.9 |
| D | ≥ 60 and < 65 |  | D | ≥ 60 and ≤ 64.9 |
| F | < 60 |  | F | ≤59.9 |

**Course Outline:**

|  |  |
| --- | --- |
| Topic 1 | An Overview |
| Topic 2 | The Foreign Exchange Market |
| Topic 3 | Exchange Rate Concepts |
| Topic 4 | International Arbitrage |
| Topic 5 | The BOP: Structure and Relation to the FX Market |
| Topic 6 | Approaches to the Balance of Payments |
| Topic 7 | Exchange Rate Determination |
| Topic 8 | The International Monetary System and Exchange Rate Arrangements |