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# The Globalization of Finance: Managing Returns and Risks

PROF. CARSTEN KRABBE NIELSEN

<b>Area of study:</b>	Business and Economics
<b>Area Code:</b>	IB/FI315
<b>Method of Instruction:</b>	in-person and live-streaming (dual mode)
<b>Participation:</b>	synchronous/live and asynchronous

## Description

The purpose of this course is to equip the student with the basic remedies to understand the workings of international financial markets and to understand how a firm or investment fund can best operate in them.

## Course contents

- (i) The markets for foreign exchange: various types of exchange rate systems, the links between international interest rates, inflation rates and exchange rate expectations and movements. Forward contracts, options and swaps.
- (ii) International capital markets, institutional aspects, the theory of debt and equity financing in these markets. The CAPM model.
- (iii) Political and country risks.

## Prerequisites

It is highly recommended that you have completed an introductory course in economics, finance or statistics when enrolling in this course.

## Method of instruction

Lectures and group presentations.

## Course requirements

Students (organized in groups) are asked to hand in bi-weekly exercises as well as a term-paper.

## Credits

6 ECTS



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## Grading

Group assignments + class presentation	50 % of final grade
Midterm test	20 % of final grade
Final written exam	30 % of final grade

## Course readings and materials

Bekaert, G. and JR.J. Hodrick: International Financial Management, 3<sup>rd</sup> edition. .Cambridge university Pres.  
The textbook is supplemented with some lecture notes and hand-outs.  
Slides will be available on Blackboard.

## Rules of conduct

**Exam Date:** Exam dates communicated in the syllabus for the midterm and final cannot be re-scheduled. Unexcused absences will result in a failing grade. In cases of unforeseeable circumstances such as illness or injury on the day of the exams, the student must submit a medical certificate and communicate his/her absence to the Professor and UCSC International Office via email prior to the exam. If the student does not justify his/her absence through sufficient documentation and with adequate notice before the final test, the student will receive an automatic Failed.

**Others:** A detailed syllabus will be made available on Blackboard. All students must register on Blackboard, which is the sole means of communication to students.

## Instructor bio

**Prof. Carsten Krabbe Nielsen** is Associate professor in economics. BA, mathematics and philosophy (University of Copenhagen), MA. Economics (University of Copenhagen), M.Sc. Statistics (Stanford University), Ph.D. Economics (Stanford University). Research Interests include expectations in economics, international finance, bank regulation.

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