

NAME OF THE COURSE		INTERNATIONAL FINANCE II				
Code	EUE306	Year of study	2			
Course teacher	Mario Pečarić, PhD Josip Visković, PhD	Credits (ECTS)	5			
Associate teachers	Josip Visković, PhD	Type of instruction (number of hours)	L	S	E	F
			26		26	
Status of the course	Elective	Percentage of application of e-learning	30%			
COURSE DESCRIPTION						
Course objectives	The aim of the course is to introduce students to the system, institutions, markets and methods of analysis in international finance.					
Course enrolment requirements and entry competences required for the course	Knowledge of the basic concepts of finance (time value of money, opportunity cost, fundamentals of evaluation, capital structure, capital budgeting, types of exchange rate regimes and types of financial markets).					
Learning outcomes expected at the level of the course (4 to 10 learning outcomes)	<p>The course learning outcome: Critically judge the international financial system.</p> <p>Individual learning outcomes:</p> <ol style="list-style-type: none"> <li>1. Evaluate and critically evaluate the effects and policies of international capital movements (Level 7).</li> <li>2. Identify and value policies and models of real exchange rate exchange in the context of liberalization of capital flows (Level 7).</li> <li>3. Argue and evaluate the balancing policies of the balance of payments in the context of liberalization of capital flows and high external debt (level 7).</li> <li>4. Analyze models and causes of different generations of currency crises (Level 7).</li> <li>5. Critically evaluate the importance of international financial markets (Level 7).</li> </ol>					
Course content broken down in detail by weekly class schedule (syllabus)	Lectures		Exercises			
	Topic	Hours	Topic	Hours		
	Introduction - a traditional and new approach to international finance	2	Introduction to contemporary models and concepts of international finance	2		
	International capital movement and liberalization of capital account	2	Analysis of trends and types of international capital movement	2		
	Monetary independence in time of financial globalization – the importance of exchange rate regimes	2	Trilemma, quadrilemma and dilemma	2		
	Intertemporal model of balance of payments	2	Feldstein – Horioka puzzle	2		
	Analysis of international investment position and balance of payments	2	Analysis of international investment position and balance of payments - case study	2		
	Institutional aspects of international capital movement	2	Lucas paradox	2		

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	Real exchange rate and adaptation of real exchange rate	2	Exchange rate determinants – forecasting exchange rates	2	
	Dutch disease	2	Dutch disease - case study	2	
	Models of first, second and third generations of currency crises	2	Models of first, second and third generations of currency crisis	2	
	Theoretical approaches to the regulation of capital flows	2	Capital Control Analysis	2	
	International borrowing and debt management	2	Seminar essays presentations and discussion	2	
	International financial markets	2	Seminar essays presentations and discussion	2	
	Country risk analyses	2	Seminar essays presentations and discussion	2	
Format of instruction	<input checked="" type="checkbox"/> lectures <input type="checkbox"/> seminars and workshops <input checked="" type="checkbox"/> exercises <input type="checkbox"/> <i>on line</i> in entirety <input checked="" type="checkbox"/> partial e-learning <input type="checkbox"/> field work		<input checked="" type="checkbox"/> independent assignments <input type="checkbox"/> multimedia <input type="checkbox"/> laboratory <input type="checkbox"/> work with mentor <input type="checkbox"/> (other)		
Student responsibilities	Activities to grant signature: participation in minimum of 4 individual assignments and minimum of 50% class attendance.				
Screening student work ( <i>name the proportion of ECTS credits for each activity so that the total number of ECTS credits is equal to the ECTS value of the course</i> )	Class attendance	1	Research		
	Experimental work		Report		Individual assignment 0,5
	Essay		Seminar essay	1,5	(Other)
	Tests	2*	Oral exam		(Other)
	Written exam	2	Project		(Other)
Grading and evaluating student work in class and at the final exam	<p>* Tests are alternative to written exam.  Written test/exam weighted by 70% and seminar essays by 30% of final grade.  The number of points (in %) corresponds to following grades:  0-50 insufficient (1)  51-65 sufficient (2)  66-75 good (3)  76-85 very good (4)  86-100 excellent (5)</p> <p>The exam is deemed to be passed if the student has:  - achieved minimum of 50% test, or alternatively, minimum of 50% on written exam;  - written and presented the results of seminar essay, and  - actively participated in individual assignments.</p> <p>The final grade is formed as a sum of:  1) total points obtained on written test/exam weighted by 0.7  2) seminar essay weighted by 0.3.</p>				
Required literature	<b>Title</b>		<b>Number of</b>	<b>Availability via</b>	

(available in the library and via other media)		copies in the library	other media
	Authorized lectures and teaching materials on Moodle	-	Moodle
	Terra, C. (2015.): „Principles of International Finance and Open Economy Macroeconomics” Academic Press, Elsevier, UK	1	
	Krugman, P., Obstfeld, M. i Melitz, M. (2018): International Finance: Theory and Policy	1	
Optional literature (at the time of submission of study programme proposal)	<p><i>Textbooks and books:</i></p> <p>Copeland, L.: Exchange Rates and International Finance, Prentice Hall, 2008.  Miles, D., Scott, A., Breedon, F.: Macroeconomics – Understanding the Global Economy, John Wiley and Sons Ltd 2012.</p> <p>Articles:</p> <ul style="list-style-type: none"> <li>• Alfaro, L., Kalelmi-Ozcan, S., Volosovych, V. (2008.) „Why doesn't Capital Flow from Rich to Poor Countries? An Empirical Investigation”, Review of Economics and Statistics. 90 (2): p. 347–368.</li> <li>• Aristovnik A. (2006.): „Current account deficit sustainability in selected transition economies”, Zbornik Ekonomskog fakulteta Rijeka: Časopis za ekonomsku teoriju i praksu, Vol. 24, Issue 1., p. 81. – 102.</li> <li>• Boonstra W. (2008.): “National savings and the international investment position: what does the current account tell us?”, Zbornik Ekonomskog fakulteta Rijeka: Časopis za ekonomsku teoriju i praksu, Vol. 26, Issue 1., p. 9. – 40.</li> <li>• Magud, N. i Sosa, S. (2010.): „When and Why Worry About Real Exchange Rate Appreciation? The Missing Link between Dutch Disease and Growth” IMF WP/10/271</li> <li>• Acosta, P.A, Lartey, E.K.K. i Mandelman, F.S.: (2009.): „Remittances and the Dutch disease”, Journal of International Economics, Vol 79, 102-116</li> <li>• National Geographic, rujan 2017.</li> <li>• Feldstein, M. i Horioka, C. (1980), "Domestic Saving and International Capital Flows", Economic Journal, 90 (358): 314. – 329.</li> <li>• Aizenmann, J., Chinn, M. D. i Ito, H. (2008): „Assessing the emerging global financial architecture: measuring the trilemma's configurations over time”, NBER Working Paper</li> <li>• Akira Ariyoshi, Karl Habermeier, Bernard Laurens, Inci Otker-Robe, Jorge Iván Canales-Kriljenko, and Andrei Kirilenko: “Capital Controls: Country Experiences with Their Use and Liberalization” (2000.)</li> </ul> <p>Other sources:</p> <p>Financial statistics (<a href="http://www.imf.org">www.imf.org</a>)  World Economic Outlook (<a href="http://www.imf.org">www.imf.org</a>)</p>		

	<p>Eurostat (<a href="http://ec.europa.eu/eurostat">http://ec.europa.eu/eurostat</a>)  World Bank (<a href="https://data.worldbank.org">https://data.worldbank.org</a> )  <a href="http://web.pdx.edu/~ito/Chinn-Ito_website.htm">http://web.pdx.edu/~ito/Chinn-Ito_website.htm</a></p>
Quality assurance methods that ensure the acquisition of exit competences	<ul style="list-style-type: none"> <li>• Class attendance records and documentation about students' results in fulfilling their obligations (lecturer)</li> <li>• Class management surveillance (Vice-dean for education).</li> <li>• Study efficacy analysis of all study courses (Vice-dean for education).</li> <li>• Student poll on lecturer and class efficacy for each study course (University of Split, Quality Improvement Center)</li> <li>• All course learning outcomes are to be verified by the course teacher during the exam. Exam content is being validated on regular basis in order to evaluate the appropriateness of means of examining the learning outcomes (Vice-dean for education).</li> </ul>
Other (as the proposer wishes to add	