

SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY
SAULT STE. MARIE, ONTARIO

COURSE OUTLINE

COURSE TITLE: TRADE FINANCE I
^P1ODE NO. : INT101-4 SEMESTER: ONE
PROGRAM: INTERNATIONAL BUSINESS MANAGEMENT
AUTHOR: HELEN LINDFORS
DATE: JANUARY, 1995
PREVIOUS **OUTLINE**
DATED:

New: Revision:

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APPROVED: *l&\$&g&-*
DEAN, SCHOOL OF BUSINESS &
HOSPITALITY

12 - Of - 1~7
DATE

TRADE FINANCE I

INT101-4

COURSE NAME

COURSE CODE

OVERVIEW;

This course focuses on selected financial issues and their role in the international trade process. Topics such as credit risk, credit insurance, payment, collections and foreign exchange will be covered.

STUDENT OBJECTIVES;

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

1. Describe the environment in which financial decisions are made.
2. Discuss the basic factors that affect currency values.
3. Describe the international monetary system showing how the choice of system affects the determination of exchange rates.

Analyze the balance of payments and the links between national economies.
5. Describe the foreign exchange market and how it functions.
6. Describe foreign currency futures and options contracts and explain how they can be used to manage foreign exchange risk.
7. Explain equilibrium relationships that should apply to product prices, interest rates and forward exchange rates.
8. Explain the impact of an exchange rate on a firm from an accounting perspective.
9. Analyze the costs and benefits of alternative financial techniques to guard against exchange risks.
10. Identify the basic factors that determine the foreign exchange risk faced by a particular company or project.
11. Calculate the real exchange rate and describe the consequences of real exchange rate changes.
12. Explain how companies can develop contingency plans to cope with exchange risk.
- r3. Describe the marketing, production, and financial strategies that are appropriate for coping with the economic consequences of exchange rate changes.

REQUIRED RESOURCES;

Foundations of Multinational Financial Management, 2nd edition, by Alan C. Shapiro.

EVALUATION;

Two Tests (25% each)	50%
Two Assignments (20% each)	40%
Class Participation	10%

PROPOSED OUTLINE;

Week;

1 & 2	Review of basic finance concepts; - CAPM - cash flow projections - discounted cash flows & time value of money Required Reading: Chapter 1, Shapiro Handout on discounted cash flows
3	The Determination of Exchange Rates Required Reading: Chapter 2
4	The International Monetary System Required Reading: Chapter 3
5	The Balance of Payments & International Economic Linkages Required Reading: Chapter 4
6	The Foreign Exchange Markets Required Reading: Chapter 5
7	Purchasing Power Parity and Currency Forecasting Required Reading: Chapter 7
8	Group Assignment & Guest Lecturers
9	Measurement & Management of Political Risk Required Reading: Chapter 20 Test #1

Week:

10	Winter Break
11	Country Risk Analysis Required Reading: Chapter 25
12	Credit Risk & The International Credit Decision Required Reading: Handout
13	Accounting Exposure & Practice Required Reading: Chapters 9 & 10
14	Economic Exposure and Practice Required Reading: Chapters 11 and 12
15	Overview of Currency Futures & Options Required Reading: Chapter 6
16	Small Business Realities with Regard to International Finance
'17	Review and Final Test