

Programme: M. A. Economics

Course Code: ECO 129

Title of the Course: International Finance

Number of Credits: 4

Total Contact Hours:48

Effective from AY: 2018-19

<u>Prerequisites for the course:</u>	Knowledge of concepts of International Economics	
<u>Objective:</u>	To introduce students to global financial markets in relation to domestic policies and regulatory systems.	Contact Hours
<u>Content:</u>	<p>1. BOP adjustment Balance of payments (BOP) accounts and balances- BOP and National Income-Foreign trade multiplier-BOP adjustments- Elasticity's approach-Marshall-Lerner condition- J curve-Absorption approach-Internal balance and external balance-Assignment Problem.</p> <p>2. Open Economy Macroeconomics and BOP Mundell-Flemming model-Adjustments under pegged exchange rate systems and flexible exchange rate systems, imperfect and perfect capital mobility -Monetary approach to BOP.</p> <p>3. Exchange Rate Foreign exchange market--Exchange rate determination-Spot markets- Forward markets-Interest arbitrage-Covered-uncovered-Hedgers-Speculators-Theories of exchange rate determination-Purchasing power parity-Monetary model-Flexi-price-Sticky price-Exchange rate overshooting-Portfolio balance model.</p> <p>4. Currency Futures, Options & Swaps Futures market -Hedging - Options market-Call option-Put option-Option premium- Option pricing model-Foreign exchange risk-Exchange rate systems- Currency Swaps</p> <p>5. International Money and Capital Market Eurocurrency market-Characteristics- loan syndication technique- Capital market-International bond market-Equity market-GDRs-ADRs.</p> <p>6. International Liquidity Bretton Woods system & its collapse -managed floating- Optimum currency areas-European Monetary System- Euro-Financial crisis-models of currency crisis-IMF</p>	<p>10</p> <p>06</p> <p>10</p> <p>08</p> <p>08</p> <p>08</p>

<u>Pedagogy:</u>	Lectures, written assignments, seminar presentations	
<u>References/Readings</u>	<u>References</u> <ul style="list-style-type: none"> • Berg, Hendrik Van den (2010), <u>International Finance And Open-Economy Macroeconomics</u>, Cambridge University Press, New Delhi. • Butler, Kirt.C (2003), <u>Multinational Finance</u>, South Western College Publishing , New York. • Carbaug Robert J.(2007) , <u>International Economics</u>, South Western and Centage Publishing, New Delhi. • Daniels, Joseph P.(2002), <u>International Monetary And Financial Economics</u>, South-Western/Thompson Learning, Cincinnati, Ohio. • De Rosa David F(1998), <u>Currency Derivatives</u>, John Wiley , New York. • Feenstra, Robert and Alan Taylor(2008) <u>International Economics</u>, Worth Publishers, New York. • Gandolfo Giancarlo,(2006), <u>International Finance and Open -Economy Macro Economics</u>, Springer, New York. • Husted Steven and Michel Melvin(2009), <u>International Economics</u>, Addison-Wesley, New York. • Kenen Peter B(2000), <u>International Economy</u>, Cambridge University Press, New York. • Krugman, Paul and Maurice Obstfeld (2009),<u>International Economics: Theory and Policy</u> Pearson Education, Addison Wesley Longman, New Delhi. • Levi, M.D (2005) <u>International Finance</u>, Routledge, Taylor Francis Group, New York • London • Pilbeam. K (2009) <u>International Finance</u>, Palgrave Macmillan, New York. • Salvatore Domnic(2007), <u>International economics</u>, Macmillan, London. • Shapiro Alan, C (1999),<u>Multinational Financial Management</u>, John Wiley , New York. • Sodersten Bo and Geoffery Reed (1994), <u>International Economics</u>, Macmillan Press, • Ugur Mehmet(2002), <u>An Open Economy Macroeconomics Reader</u>, Routledge, New York. 	
<u>Learning Outcomes</u>	Upon completion of this course students will be able to analyze a nation's balance of payment, foreign exchange marks, international monetary standards and explain financial crises in emerging economies, their causes and solutions	