



## Course Lectures Outline

### **1. Introduction to the Course**

- 1.1. Globalization
- 1.2. World Economic Growth and Financial Development
- 1.3. Global and Risk Finance

### **2. Strategic and Macro-Political and Economic Issues in Global Finance**

- 2.1. Balance of Payments (BOP) and Its Relation to Exchange Transactions
- 2.2. Foreign Direct Investment and Mergers and Acquisitions
- 2.3. Multiplier Analysis
- 2.4. Role of Reserve Currency and Foreign Exchange Reserves
- 2.5. International Investment Position (IIP)

### **3. Global Financial System, Exchange Rate Volatility, Exchange Rate Regimes**

- 3.1. FX Markets and Trading
- 3.2. Modelling Exchange Rate Volatility
- 3.3. Exchange Rate Regimes
- 3.4. International Banking
- 3.5. Central Bank's Intervention in the FX Market

### **4. Monetary Approach Models and PPP**

- 4.1. Trade Flow Model
- 4.2. Spot Markets for Foreign Currency (The Law of One Price)
- 4.3. Purchasing Power Parity (PPP) theory
- 4.4. Monetary approach to the Exchange Rate Determination
- 4.5. Fisher effect, Interest Rates, and Inflation

### **5. Asset Approach Models and Mundell-Fleming Model**

- 5.1. Asset Approach to the Exchange Rate Determination
- 5.2. International Interest Rate Parity, and Validity of UIP
- 5.3. Policy Implications of the Mundell-Fleming Model, IS-LM-BOP
- 5.4. Dornbusch Overshooting Model
- 5.5. Other Macro Models

### **6. External Debt Sustainability and Debt Crisis**

- 6.1. Purpose of Borrowing, Borrowing Cost
- 6.2. Risk Premium, FX Risks, Default Risk
- 6.3. Excess Borrowing, Optimal Debt, and Debt Burden

### **7. Review and Applications of Financial Assets Pricing and Currencies-FX Pricing**

- 7.1. CCAPM Approaches and FX
- 7.2. International Investment and Debt Pricing
- 7.3. Currency Derivatives (FX Futures, Swaps)
- 7.4. Defining and Computing the "Greeks" in an International Environment

### **Recommended Consulting Texts:**

U. Nyambuu and C. Tapiero, Globalization, Gating, and Risk Finance. England: Wiley. 2018.  
G. Gandolfo, International Finance and Open Economy Macroeconomics. Springer, 2000.  
M. Obstfeld and K. Rogoff, Foundations of International Macroeconomics. The MIT Press, 1996.  
M. Melvin and S. Norrbin, International Money and Finance. 8th Ed, Elsevier Press, 2013.  
C. Tapiero, Engineering Risk and Finance. Springer, 2013.

In addition to the suggested text, you will need to read research papers, articles, and specific chapters from the optional textbook and readings.