

# INTERNATIONAL FINANCE

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ING. ZUZANA STRÁPEKOVÁ, PHD.

1.

2021/2022

# Teachers:

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Ing. Zuzana Strápeková, PhD. – SUBJECT COORDINATOR

Ing. Tomáš Rábek, PhD.

Every Thursday:	at 7:20 – 11:00 a. m.
online teaching:	Teams group „International Finance“
full-time teaching:	Room AS-11

# Schedule:

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	Thursday 7:20-11:00	
1. week	IF online	IF online
2. week	IF AS-11	IF AS-11
...		

# COVID-19 info:

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Useful up-to-date information in relation to COVID-19 measures at:

<https://www.uniag.sk/en/covid-19-informations/>

<https://www.uniag.sk/en/general-informations/>



SLOVENSKÁ POĽNOHOSPODÁRSKA UNIVERZITA V NITRE

#zelenauniverzita



O UNIVERZITE



FAKULTY



ŠTÚDIUM



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SPOLUPRÁCA



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HĽADAŤ



COVID-19 INFORMATION

## COVID-19 INFORMATION



**Slovenská poľnohospodárska  
univerzita v Nitre**

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DIČ:2021252827

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### KONTAKT

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[verejnost@uniag.sk](mailto:verejnost@uniag.sk)

[Ochrana osobných údajov](#)

[Vyhlásenie o prístupnosti](#)

### FAKULTY

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SCIENCE



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Slovak University of Agriculture in Nitra / COVID-19 INFORMATION / GENERAL INFORMATION

## General information

Information regarding accommodation for academic year 2021/2022

[Rector's order no. 8 - Organisation of study in academic year 2021/2022](#)

[Rector's order no. 7 - Accommodation instructions for academic year 2021/2022](#)

[Accommodation instructions - rector's order no.7](#)

Information for academic year 2020/2021

[Rector's Order No 5/2021 On the organisation of study in the academic year 2020/2021 at SUA in Nitra \(20.05.2021\)](#)

[Appendix n.1 to rector's order no. 3/2020, determining the organization and conditions of the educational process and operation at SUA in Nitra for the academic year 2020/2021](#)

[Rector's order no. 3/2020, determining the organization and conditions of the educational process and operation at SUA in Nitra for the academic year 2020/2021](#)



### Slovak university of agriculture in

### Nitra

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### FACULTIES

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# Online teaching:

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## Teams group „International Finance“

Application TEAMS is part of a package OFFICE 365

Registration procedure and info:

<https://www.uniag.sk/sk/pre-studentov/>



## Office 365 pre študentov



### Postup pre získanie inštalačného balíka Office pre PC, MAC, tablety, smartfóny:

- Kliknite na link uvedený nižšie
- Zadajte svoju univerzitnú e-mailovú adresu (v tvare: meno@uniag.sk)
- Prihláste sa pomocou prihlasovacích údajov do UIS
- Nainštalujte si svoju kópiu

Zaregistrovať si balík Office365

Helpdesk

Office 365

Návod

Pre študentov

Antivirus

Smartpódium

Eduroam

Nastavenie mailového konta

SAP

Dokumenty CIKT



# MS Teams „International Finance“

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- This is the official place for online teaching (lectures and exercises).
- Do not communicate with each other in this official group. Create another group (for your class - e.g. in Facebook, etc.)
- For your important question/personal issue, send an email (It will be answered continuously).
- **Do not start the meeting during the lecture! (wait for the teacher)**

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## **Before you write an e-mail,:**

- ask your classmates,
- read the instructions in Lesson 1

*... If you still do not know,... send an e-mail with question.*

# MS TEAMS:

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...



FEM E15-0051-I - International  
finance

# PPT presentations:

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After each lecture you will find a presentation on the website:

<http://zs.wbl.sk/>

**Presentations will be updated during the semester!**

Založiť novú webovú stránku alebo e-shop

# Ing. Zuzana STRÁPEKOVÁ, PhD.

- Úvod
- FINANCIE a MENA
- PODNIKOVÉ FINANCIE
- FINANČNÝ MANAŽMENT a PODNIK. RIZIKO
- INTERNATIONAL FINANCE**
- INFO BcP/ DP
- Fotogaléria
- Publikácie
- Kontakt

Úvod

Založit novú webovú stránku alebo e-shop

## INTERNATIONAL FINANCE

### náradí-nábytek na

pro její lehkou a snadnou  
údržbu  
pro pohodlný odpočinek a  
relaxaci

### www.sedm-7.cz

Nový Dance Shop  
ŠATY, BOTY, PERÍ, KAMENY...

### Lunární i Hormonální jóga

obnovuje plodnost, mizí bolesti  
zad  
akné, PCO, PMS, cysty, únava,  
stres

Tvorba webových stránek a e-shopov

**Lesson 1**

**Lesson 2**

**Lesson 3**

**Lesson 4**

**Course 4**

**Lesson 5**

**Lesson 6**

**Lesson 7**

**Lesson 8**

**Lesson 9**

**Lesson 10**

***Currencies***

***Forward Rates***

***PPP***

***SDR***

***Fundamental Analysis***

***The Foreign Exchange Market***

# PPT presentations and other materials:

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also on:


<https://moodle.uniag.sk/>


# E-learningový vzdelávací portál Slovenskej poľnohospodárskej univerzity v Nitre

[Home](#)

## Kategórie kurzov

 [Fakulta agrobiológie a potravinových zdrojov](#)

 [Fakulta biotechnológie a potravinárstva](#)

 [Fakulta ekonomiky a manažmentu](#)

 [Fakulta európskych štúdií a regionálneho rozvoja](#)

 [Fakulta záhradníctva](#)

## Vitajte na portáli moodle.uniag.sk!

LMS MOODLE verzia 3.10+.



**UPOZORNENIE: Zmena v prihlasovaní sa do LMS MOODLE (<https://moodle.uniag.sk>)!!!**

**Od stredy 3.2.2021 sa mení spôsob prihlásenia.** Prihlásenie bude fungovať, LEN cez **Tlačidlo: Office365 - SPU v Nitre**. Prihlasovacie údaje ostávajú rovnaké (tak ako do ostatných systémov - posta, UIS,...). Zmena súvisí s integráciou LMS Moodle a Office365, aktuálne zatiaľ len na úrovni synchronizácie používateľov.

LMS MOODLE na SPU v Nitre beží vo **verzii 3.10+**. V prípade otázok prosíme kontaktovať Ing. Ľubicu

## Vážení používatelia!

Nachádzate sa v priestore určenom na vytváranie a publikovanie online kurzov, založenom na voľne šíriteľnom systéme [MOODLE](#).

Pracovať v e-learningovom prostredí začnete kliknutím na odkaz [Prihlásenie](#).



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# Course objectives

# Course objectives

## 1. Introduction to the "International Finance"

- Multinational Corporations, Globalization Process, Financial Crises
- Theory of Comparative Advantages

## 2. Balance of Payments

- Commercial and Noncommercial Payments
- Structure of Balance of Payments
- Balance of Payments and Exchange Rate

## 3. Determination of Exchange Rate I

- Exchange Market, Exchange Market Law, Supply and Demand of Foreign Currency, Speculations on the Exchange Market
- Exchange Rate Recording, Cross Rates, Arbitrage

# Course objectives

## 4. Determination of Exchange Rate II

- Forward Rate, "One price" Law, Power Purchasing Parity (PPP), Exchange Rate Deviation Index (ERDI),
- Inflation Differential, Import Duty, Import Contingents, Import/Export Instruments

## 5. Fisher Effect, International Fisher Effect, Interest Rate Parity, Interest Rate Differential

## 6. Theories of Exchange Rate

- Theory of Balance Payments
- Monetary Theory
- Dornbusch Dynamic Rule of Exchange Rate Overshooting
- Theory of Financial Assets
- Portfolio Theory

# Course objectives

## 7. Future Spot Exchange Rates Forecasting on the Base of their Previous Development

- Fundamental and Technical Analysis

## 8. Financial Derivatives

- Futures Contracts, Forwards Contracts

## 9. Financial Derivatives

- Options Contracts, Swaps Contracts

## 10. International Investments

- Foreign Direct Investment (FDI), International Portfolio Investment
- Return of Individual Foreign Assets
- Risk and Return of Portfolio
- Markowitz Model
- CAPM – Capital Assets Pricing Model
- CML - Capital Market Line, SML- Security Market Line

# Course objectives

## 11. European Monetary System

- European Monetary Integration: the Single Currency (Euro)
- The European Central Bank

## 12. International Monetary and Financial Institutions

- International Monetary Fund (IMF)
- World Bank (WB)
- Other Financial Institutions (IBRD, IFC, MIGA, IDA, BIS, EIB)

## 13. Payment System

- Payment Instruments

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# Evaluation criteria

# Requirements and classification

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Evaluation during the semester – **total 100 points:**

- activity and attendance
  - Max. 5 points
- test 1 (for a credit)
  - Max. 20 points
- presentation of a project
  - Max. 15 points
- test 2 (for an exam)
  - Max. 60 points

# Evaluation:

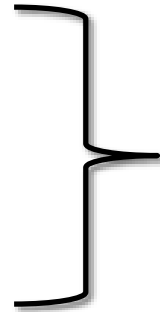
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## Part 1:

Attendance

Test 1

Project and presentation



**Min 26**

Max 40

## Part 2

Test 2



**Min 38**

Max 60



# Evaluative scale

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<b>Level of knowledge</b>	<b>Classification</b>	<b>Grade</b>		
Excellent	<b>93-100 %</b>	<b>A</b>	Excellent	<b>1</b>
Above standard	<b>86-92 %</b>	<b>B</b>	Very good	<b>1,5</b>
Average	<b>79-85 %</b>	<b>C</b>	Good	<b>2</b>
Acceptable	<b>72-78 %</b>	<b>D</b>	Satisfactory	<b>2,5</b>
Minimal criteria	<b>64-71 %</b>	<b>E</b>	Sufficient	<b>3</b>
Less than minimal criteria	<b>≤ 63 %</b>	<b>FX</b>	Fail	<b>4</b>

# Important dates:

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**10. week: Test 1 (for credit)**      25.11.2021

**13. week: Test 2 (EXAM)**      16.12.2021

# Recommended reading:

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**BAKAERT, Gert – HODRICK, Robert. International financial management**

New Jersey: Pearson Education, Inc., 2nd ed. 816 p. 2nd ed. 2011

**BUCKLEY, Adrian. Multinational Finance**

Essex: Prentice Hall, 5th ed., 776 p. 2004.

**Durčáková, J. – Mandel, M.: Medzinárodní finance**

Management press, 2010, 496 s.

**Jankovská, A.: Medzinárodné financie**

JURA Edition, II. vydanie. Bratislava, 520 s. ,2003

**Madura, J.: International Financial Management**

5th. ed., South-Western College Publishing, An International Thomson Publishing Company, USA, 651 p.

# Recommended reading:

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MOFFETT, Michael - STONEHILL, Arthur - EITEMAN, David.  
**Fundamentals of Multinational Finance.**

New York: Pearson Education, Inc., 3rd ed. 645 p. 2009.

MOOSA, Imad. **International Financial Operations: Arbitrage, Hedging, Speculation, Financing and Investment.** New York: Palgrave Mackmillan, 385 p. 2003.

Polednáková, A. and spol.: **International financial management.**

Iura Edition, Bratislava, 2011, 80 p.

Shapiro, C. A.: **Foundations of Multinational Financial Management**

Prentice Hall. USA. 2002

Szovics, P.-Tóth, M.: **Medzinárodné financie.** SPU v Nitre, 2006

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Presentations on the: [\*\*www.zs.wbl.sk\*\*](http://www.zs.wbl.sk)

University e-shop:

[\*\*https://vydavatelstvo.uniag.sk/\*\*](https://vydavatelstvo.uniag.sk/)



**Vydavateľstvo**  
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[VEDECKÉ ČASOPISY](#)

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**Vydavateľstva**

Slovenskej poľnohospodárskej univerzity v Nitre



# Slovak Agricultural Library

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<http://www.slpk.uniag.sk/en/home-page/>

 Search

## Library :: On-line catalogue



- Simple search
- Advanced search
- Authorities
- Dictionary
- Bibliographic records
- Fulltexts
- My Account
- Pre-registration

Catalogues...

## Library :: Bibliographic database

### How to...

- find the Library
- become a user
- get a book
- get a journal
- search for an article
- get remote access to licensed databases
- ask the Library any question

### Opening hours

September 2021						
Mon	Tue	Wed	Thu	Fri	Sat	Sun
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			



### Search

#### Library Online Catalogue i

Search Criteria

Anywhere

Search Term

Find

#### Library Bibliographic Database i

(including the University Staff publications)

Search Criteria

Anywhere

Search Term

### e-resources

Conditions of e-resources use  
Remote web access (TuKAN)

- Web of Science
- Scopus
- Infotrac :: GALE Cengage
- Science Direct
- Knovel Library
- SpringerLINK
- Wiley Online Library
- ProQuest Ebook Central
- Wageningen AP :: e-books

### Useful

Study spaces  
Opening hours  
Print/scan

Summon Discovery :: Search

Fees

University scientific journals  
Open Access  
DOI



# Useful web links:

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- [www.wto.org](http://www.wto.org)
  - [www.worldbank.org](http://www.worldbank.org)
  - [www.intracen.org](http://www.intracen.org)
  - [www.ft.com](http://www.ft.com)
  - [www.economist.com](http://www.economist.com)
  - [http://pacific.commerce.ubc.ca/xr/](http://http://pacific.commerce.ubc.ca/xr/)
  - [www.europa.eu.int/](http://www.europa.eu.int/)
  - [www.aci.net/kalliste/euro.htm](http://www.aci.net/kalliste/euro.htm)
  - [www.ecb.int/](http://www.ecb.int/)
  - [www.imf.org/external/about.htm](http://www.imf.org/external/about.htm)
  - [www.ny.frb.org](http://www.ny.frb.org)
- **World Trade Organization**
  - **World Bank**
  - **International Trade Center**
  - **Financial Times**
  - **The Economist**
  - **Information on currencies of the world**
  - **European Union**
  - **History of the euro**
  - **European Central Bank**
  - **International Monetary Fund**
  - **Federal Reserve Bank of New York**

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# Projects:

# Structure of the work (project):

---

1/2

**Front-page** (name of the University, Faculty and Departure, name of the topic, name of the author, school year, class, number of the study group)

## **Contents**

**Introduction** (1/2 – 1 page)

**Main work** (min. 8 – 10 pages; all borders 2,5 cm; line spacing 1,5; font "Times New Roman"; type size 12; chapter heading "Times New Roman Bold"; quotation (citation) can be numbered directly in the text and under the line exact literary source have to be shown /according to the norm ISO 690/)

**Conclusion** (1/2 – 1 page)

# Structure of the work (project): 2/2

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**Bibliography** (min. 5 book publications, arranged according to the ABC by surname of author, + internet sources)

Every **table, graph and picture** has to be numbered and named and under them have to be the literary source!

# Presentations of the projects

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- **PPT format** (10-15 slides)
- **15-20 min**

# Topics of the works:

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1/2

1. Balance of Payments, its Structure and Evolution in Slovak Republic
2. Exchange Market as a Part of International Financial Markets; Participants and Functions of Exchange Markets
3. Characteristic and Kinds of Spot Transaction; Currency Conversions and Currency Arbitrage
4. Factors which Influence Movements of Exchange Rates – Theory of Interest Rate Parity, Theory of the Balance of Payments
5. Financial Derivatives as Tools of Risks Elimination in Foreign Payment System
6. Forwards Contracts
7. Futures Contracts
8. Swaps Contracts

# Topics of the works:

---

2/2

9. Options Contracts and Options Strategies
10. Creation of Assets Portfolio in Financial Markets; Optimal Portfolio; Profitability and Risk of Portfolio
11. International Monetary and Financial Institutions – International Monetary Fund, the World Bank
12. International Monetary and Financial Institutions – European Bank for Reconstruction and Development and European Investment Bank
13. History of the Economic and Monetary Union, ESCB and ECB
14. Risks in International Payment System, their Forms and Tools of Elimination

<b>NAME</b>	<b>Topic No.</b>
Čeriová Marieta Mária, Bc.	<b>12</b>
Čiffáryová Ema, Bc.	<b>13</b>
Di Gaetano Valerio	<b>7</b>
Farský Samuel, Bc.	<b>9</b>
Gattellaro Sara, Bc.	<b>8</b>
Gozhev Mikhail, Ing.	<b>11</b>
Krajňak Monika, Bc.	<b>4</b>
Reznik Mariia, Bc.	<b>2</b>
Tóthová Natália, Bc.	<b>10</b>



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# International Finance

# Key issues in international business finance:

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- exchange-rate risk
- segmentation of consumer-goods markets
- credit risk
- political risk
- capital-market segmentation issues,  
including aspect of corporate governance
- international tax issues

# Why International finance?

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Because of MONEY!

Ownership of money is transferred  
across countries.

**How money from one country can be  
exchanged for money from another?**

# Role of money?

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Money has to do with buying and selling.

- **medium of change**

Money must: - be storable

- have a stable purchasing power

- be easy to handle

= When these conditions are met, money can fulfill its role – ***least-cost medium of exchange.***

# Development of money

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- from **commodities and metal coins**  
to **privately issued paper money**  
to official **currency notes issued by the Central banks**  
of a country,  
to **electronic claims** representing the right to withdraw  
currency notes.

---

Today private banks create **electronic money** (loans recorded in the bank's computer) rather than **physical money** (bank notes).

Private banks must meet **reserve requirements** – a minimum fraction of the customers deposits in coins or bank notes in a non-interest-bearing account with the central bank.

# Monetary policy

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## **Central banks' control process over commercial banks**

- Intervention in the foreign-exchange markets
- Open-market policy
- Reserve requirements
- Credit controls

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Role of money

Development of money

Creation of money

**Money transfer between countries**

*The importer buys the exporter's currency and pays, or the importer pays in his own currency but the exporter then converts this money into his own money.*



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All transactions between countries are recorded  
in the **Balance of Payments.**

...

# VIDEO 1

## Globalization explained

<https://www.youtube.com/watch?v=JJ0nFD19eT8>



Globalization explained (explainity® explainer video)

# VIDEO 2

## Globalization and Trade and Poverty

<https://www.youtube.com/watch?v=9MpVjxxpExM>



Globalization and Trade and Poverty: Crash Course Economics #16

# VIDEO 3

## Imports, Exports, and Exchange Rates:

<https://www.youtube.com/watch?v=geoe-6NBy10>



Imports, Exports, and Exchange Rates: Crash Course Economics #15

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# Short entry quiz

1. The multinational financial system enables companies to

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- A) avoid currency controls
- B) reduce taxes
- C) access lower cost financing sources
- D) all of the above
- E) none of the above

2. The primary objective of the multinational corporation is to

---

- A) maximize shareholders wealth
- B) maximize world production
- C) maximize earnings
- D) minimize the cost of doing business globally
- E) none of the above

3. Foreign investors have been attracted to the U.S. because of its

---

- A) generous tax subsidies
- B) low labor costs
- C) large market
- D) strong dollar
- E) none of the above



4. Which of the following location receive the most direct investment by American multinationals?

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**A) Western Europe**

**B) Japan**

**C) Canada**

**D) Latin America**

**E) Eastern Europe**

5. A slowdown U.S. economic growth will

---

- A)** rise the value of the dollar because inflation fears will claimed
- B)** rise the value of the dollar because the Federal Reserve will expand the money supply
- C)** lower the value of the dollar because the U.S. will be a less attractive place to invest in
- D)** lower the value of the dollar because interest rate will rise
- E)** can't tell

## 6. Large government budget deficits will

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- A)** raise the value of a nation's currency by raising the economy
- B)** raise the value of a nation's currency by stimulating the domestic economy
- C)** lower the value of a nation's currency by leading to higher inflation
- D)** lower the value of a nation's currency by leading to added political risk
- E)** historical experience shows no correlation between government budget deficits and the value of the nation's currency

7. Governments intervene in the foreign exchange markets for all of the following except to

---

- A)** earn foreign exchange
- B)** reduce economic uncertainty
- C)** improve the nation's export competitiveness
- D)** reduce inflation
- E)** all of the above are correct

8. The overwhelming majority of foreign exchange transactions involve

---

- A)** multinational corporations buying and selling foreign exchange
- B)** importers and exporters buying and selling foreign exchange
- C)** banks buying and selling foreign exchange
- D)** governments buying and selling foreign exchange
- E)** none of the above

9. The world's largest currency trading market is

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**A) New York**

**B) Frankfurt**

**C) Tokyo**

**D) London**

**E) Zurich**

## 10. The globalization of financial market reflects

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- A)** financial deregulation, which spurs competition among markets
- B)** reductions in currency controls and other government restrictions on the free flow of capital internationally
- C)** new technology that has lowered the cost of information
- D)** all of the above
- E)** A and B only

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# Recapitulation



# Recapitulation

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## Lessons and Exercises together as one block

EVERY Thursday at 7:20 – 11:00 a. m.!

- *online teaching: MS Teams „International Finance“*  
or
- *full-time teaching: Room AS-11*

# Recapitulation

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## Schedule:

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	Thursday 7:20-11:00	
1. week	<b>IF online</b>	<b>IF online</b>
2. week	<b>IF AS-11</b>	<b>IF AS-11</b>
...		

# Recapitulation

---

PPT Presentations:

<http://zs.wbl.sk/>

+ Recommended reading:

- <https://moodle.uniag.sk/>
- [www.slpk.sk](http://www.slpk.sk)
- <https://vydavatelstvo.uniag.sk/>

# Recapitulation

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## Requirements:

1. **PROJECT** (+ PPT presentation) (9. – 12. week)
2. **TEST 1** – 25.11.2021
3. **TEST 2 (exam)** – 16.12.2021

# Recapitulation

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## PROJECT

- **main text** (without first and last pages) **at least 8-10 pages!**
- **quotations in whole written work!**
- **use at least 5 book publication!**
- **prepare PPT presentation!**

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**We will meet together in week No. 2!**

**(30.9.2021, 7:20 a.m.)**

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Thank you for your attention!