International Financial and Foreign Exchange Markets
(Giuseppe Schlitzer, Arianna Ziliotto)

1. Aim of the course

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Aim of the course

Aim of the course is to let you master the mechanics and the economic rationale of international portfolio diversification and of foreign exchange markets, as well as to gain an insight about many current crucial issues concerning the international financial markets and their impact on the global economy

Course delivery

The course revolves around a continuous blend between the macroeconomics and the microeconomics of international financial markets, while shedding light on daily FX market functioning and trading mechanisms.

Readings

Textbook: *International Finance*, M.D. Levi, 5th edition 2009, Routledge

Slides and additional material provided throughout the course

Grading I

- **Attending students:** closed book exam. The final grade will be marked up (3 pts) for all the students attending **at least** 12 classes out of 15

- **Non attending students:** closed book exam

Grading II

If so desired by the students, the final grade may be revised (**upwards/downwards**) by sitting an additional oral examination to be carried out right before the exam's registration

Grading III

Minimum passing grade (**excluding** the additional points for attendance): 18/30

Syllabus

Detailed schedule to be handed out

1. International financial markets and the global economy;
2. The infrastructure of international finance: from the gold standard to the current economic and financial crisis;
3. Focus on FX market dynamics: quoting conventions, traded instruments, settlement procedures and non-arbitrage relationships;

Syllabus

4. Exchange rate parity conditions and their empirical relevance;
5. BoP accounting and models of foreign exchange rate determination;
6. Risks, exposures and hedging techniques in an international environment;
7. FX markets efficiency and exchange rate forecasting;
8. International portfolio diversification.