

# International Financial and Foreign Exchange Markets

A.Y. 2014 - 2015



*Giuseppe Schlitzer (Head of the course),  
Arianna Ziliotto (Lecturer)*

# Overview

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# Aims of the course

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1. Understanding the **mechanics** and the **economic rationale** behind **foreign exchange markets**.
2. Mastering the basic **principles of international portfolio diversification**.
3. Gaining an insight about many **current crucial issues** concerning international financial markets. Developing a **deeper understanding of their likely impact** on the global economy.

# Course delivery I

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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**.



# Course delivery II

The course will extensively **combine theory and practice**, with a twofold aim:

Developing a sound  
**theoretical**  
background



Mastering the basic  
**principles of market**  
**trading** and  
understanding **current**  
**economic and**  
**financial issues** on a  
worldwide scale



# Readings

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Textbook: *International Finance*, M.D. Levi, 5<sup>th</sup> edition 2009, Routledge

Slides and additional material provided throughout the course (available on [my.liuc.it](http://my.liuc.it))

# Grading I

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- **Attending students:** closed book exam. The final grade will be marked up (extra points for attendance) for all the students attending **at least** 9 classes out of 15
- **Non attending students:** closed book exam

# Grading II

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If so desired by the student, 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 for the **written examination** (excluding the additional points for attendance): 18/30.

Please, note that this is also a necessary requirement to be admitted to the final oral exam.

# Extra points for attendance (12/15)

Attending students (**12 lessons**) will get:

- **3 extra points**, if they sit the final exam by the **end of May 2014**;
- **2 points**, if they sit the final examination by the **end of July 2014**;
- **1 point**, if they sit the final exam by the **end of September 2014**.
- **No points**, if they sit the final exam **thereafter**.



# Extra points for attendance (9/15)

Attending students (**9 lessons**) will get:

- **2 extra points**, if they sit the final exam by the **end of May 2014**;
- **1 point**, if they sit the final examination by the **end of July 2014**;
- **No points**, if they sit the final exam **thereafter**.



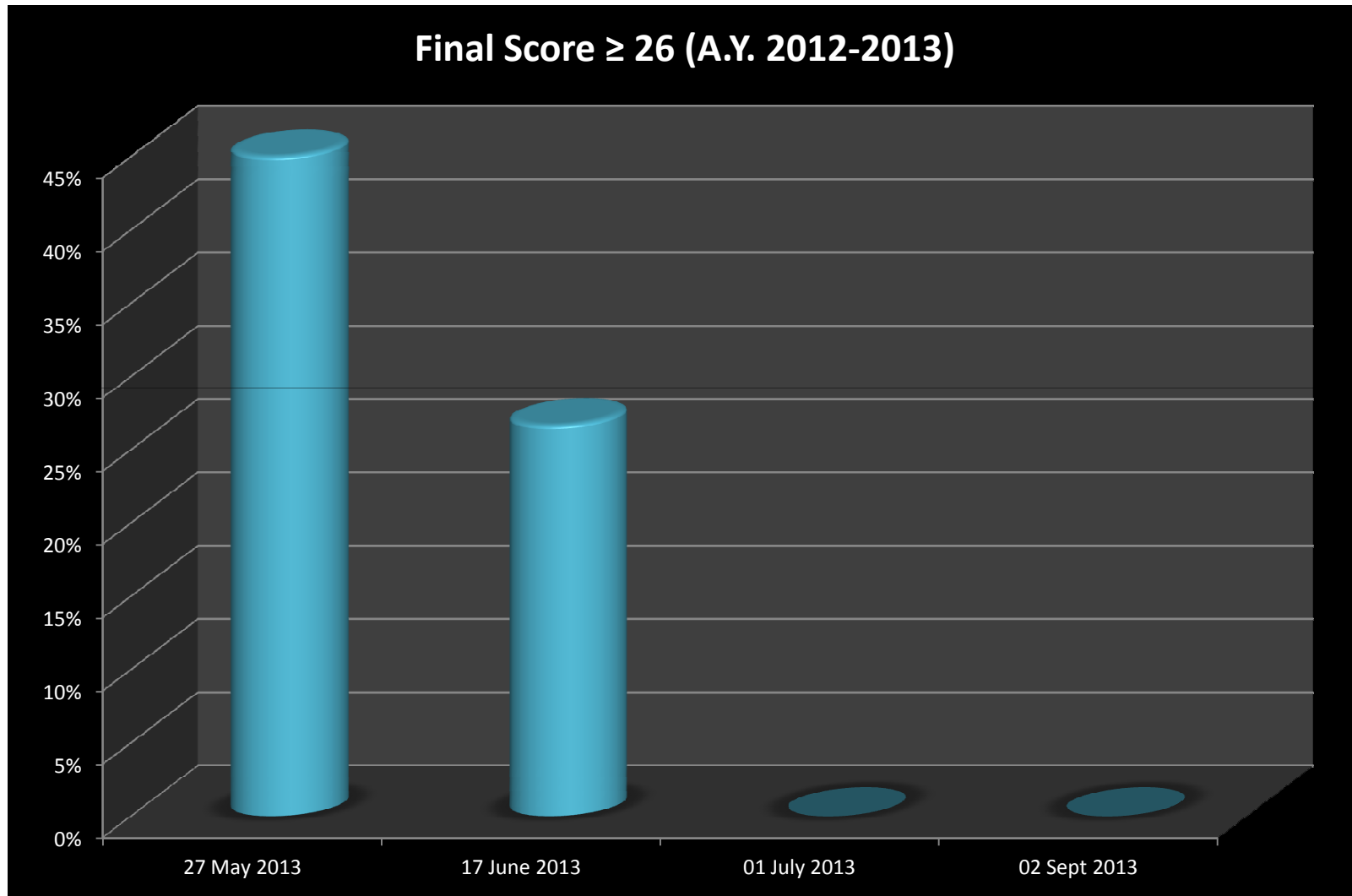
# Attendance

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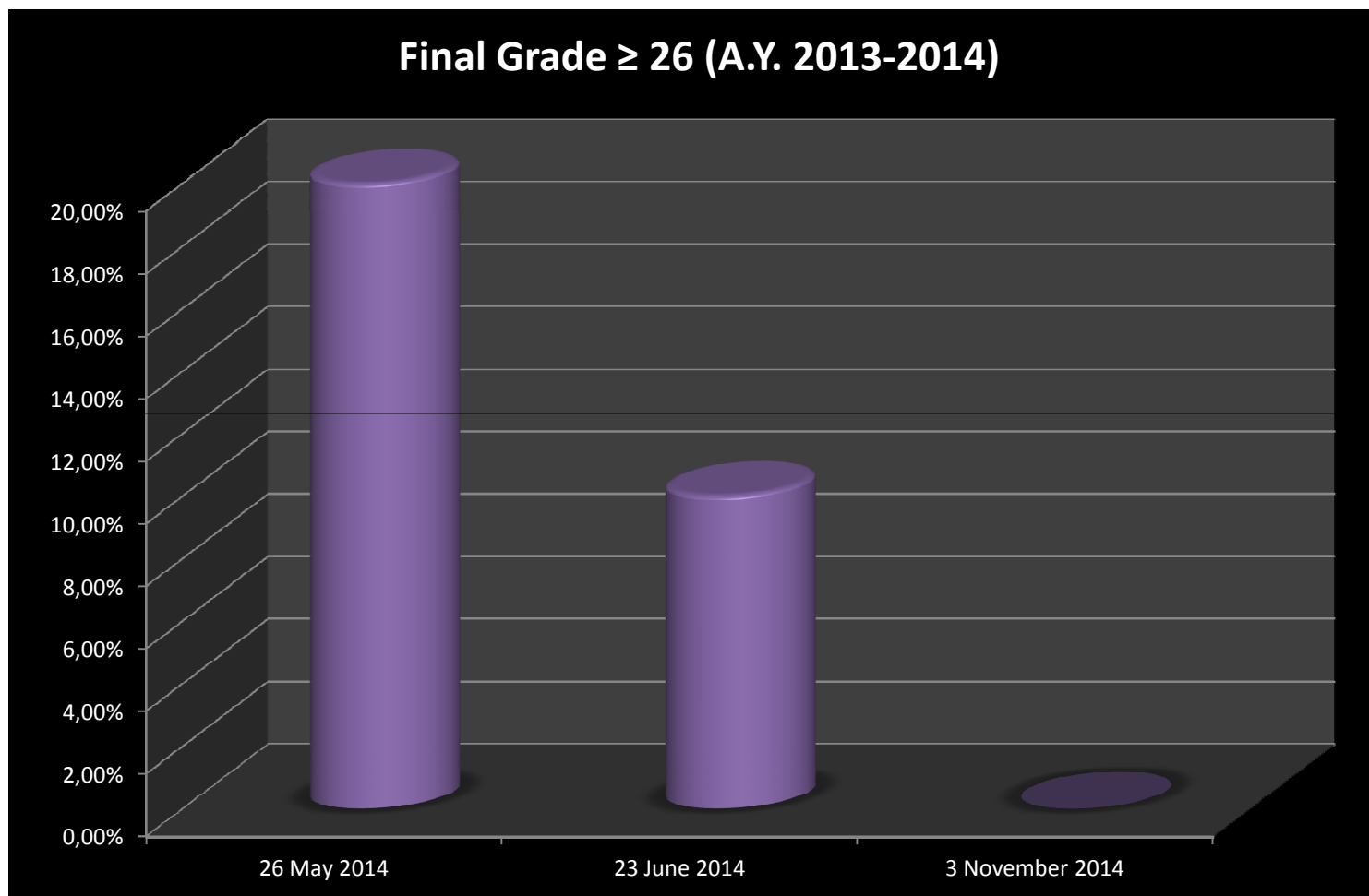


Early leavers and late comers will **NOT** be considered as “attending students”.

# The sooner, the better...I



# The sooner, the better...II



# Syllabus I

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**Detailed schedule available on [my.liuc.it](http://my.liuc.it)**

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 II

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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. International portfolio diversification;
8. FX markets efficiency and exchange rate forecasting.



# Syllabus III

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## **Excluded** textbook chapters:

1. Multinational Companies
2. Multinational Banks
3. International capital budgeting and long term financing

# Prerequisites

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Though **NOT** strictly required, a sound background in **International Economics** is warmly recommended.

Some preliminary knowledge of **Market Finance** and **Derivatives** will also be of great help.

# Office hours (Prof. Schlitzer)

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**When:** 20<sup>th</sup> March and 23<sup>rd</sup> April-17.30 to 18.30  
18<sup>th</sup> May-14.30 to 15.30

**Where:** Lecture Hall

**How:** (On request) E-mail confirmation

# Office hours (Prof. Ziliotto)

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**When:** Mondays-18.30 to 19.30

**Where:** Lecture Hall

**How:** **E-mail confirmation**

# Mail & Info

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# About the Instructors

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**Giuseppe Schlitzer** (*MPhil Economics*, 1998, George Washington University; *MA Economics*, 1990, University of Chicago; *B. Sc. Economics and Business*, 1986, Università degli Studi di Napoli “Federico II”) is **General Manager and CEO at AITEC** (Associazione Italiana Tecnico Economica del Cemento). He previously held **senior positions at the IMF**, at **Confindustria** as well as at the **Central Bank of Italy**. His main research interests cover the fields of Monetary Economics and International Economics and Business.

**Arianna Ziliotto** (*PhD*, 2012, Università Cattaneo – LIUC, *Master Degree in Corporate and Market Finance*, 2009, Università Cattaneo – LIUC) is **Risk Manager at Method Investments and Advisory Ltd**. She previously worked as **Derivatives and Fixed Income trader**. Her main research interests cover the fields of Quantitative Finance and Financial Markets Efficiency.