College of Management of Technology (CDM)

Global Business Environment
Fall 2014
4 credits

Prof. Luisa Lambertini
Chair of International Finance (CFI)
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http://cfi.epfl.ch/Lambertini
Office: ODY 2.05 (Station 5)
Web page for the course: http://moodle.epfl.ch/course/view.php?id=6271

Classes: Mondays 15:15 – 18:00; Room: ODY 016; enrolment key: global10

Course Outline

This course provides students with the framework and decision tools needed for taking financial decisions and evaluating investment opportunities in a global economy. The course proceeds by building up an integrated model of exchange rate and output determination. This model admits the entire range of exchange rate regimes from pure float to managed float to fixed rates. The model is then used to analyze the effects of monetary and fiscal policies or exogenous shocks in an open economy. Relevant applications and case studies will be presented such as the recent financial crisis and the policy responses carried out in different countries; the balance of payments crisis in Argentina; the EuroZone sovereign debt crisis.

Material


- **Slides:** The slides will be available (after class) on the web page

- **Problem Sets:** Problem sets and their solutions will be available on the web page

- **Readings:** You may be asked to read additional material (papers, newspapers’ articles, case studies, etc.). All additional reading will be available on the web page

Didactic Approach and Class Attendance

The course is organized in lectures, class discussions and presentation of case studies. Your participation in discussions and presentations of case studies is part of your grade.
Assignments

Problem sets are assigned each Monday and should be returned to me at the beginning of class the following Monday. The solution to the problem set will be posted on the class web page after class. No late problem set will be accepted. All questions in the problem set will be graded.

While working with other students on problem sets is allowed, each student must complete his/her problem set. I strongly urge you to do the problem sets: this is the best way to learn the material and do well in the exams.

Students will be divided into groups to prepare and present a case study. The topic of your case study will be announced later on in the course.

This is a 4-credit course, which is equivalent to eight hours of work per week.

Exams

There will be no make-up exams unless a student has official college permission or medical certification.

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<thead>
<tr>
<th>Exam</th>
<th>Date</th>
<th>Location</th>
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<tbody>
<tr>
<td>Midterm Exam</td>
<td>Monday, October 27th</td>
<td>Room: TBA</td>
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<tr>
<td>Case Study Presentation</td>
<td>Monday, December 8th</td>
<td>in class</td>
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<tr>
<td>Final Exam</td>
<td>Monday, December 15th</td>
<td>Room: TBA</td>
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Grading Scheme:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Problem sets, class participation and case study</td>
<td>25%</td>
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<tr>
<td>Midterm Exam</td>
<td>30%</td>
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<td>Final Exam</td>
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Teaching Assistants

There are three teaching assistants for this course:

- Abhik Mukherjee, abhik.mukherjee@epfl.ch
- Luis Franjo, luis.franjo@epfl.ch

The assistants will hold office hour on Fridays 15h00 to 17h00 in room ODY -10022.

Detailed Course Outline

An outline of the course is on the web page. The outline is indicative. As you know, the world of international finance is full of surprises. Current events will be discussed and analyzed in class, so that additional material may be given out and/or some readings may be substituted with different ones.