

SYLLABUS

COURSE

INTERNATIONAL FINANCIAL ECONOMICS

(EKO1326)



IPB University
— Bogor Indonesia —

Lecturer Team:

- 1. Prof. Dr. Ir. Dedi Budiman Hakim, MA.Ec**
- 2. Prof. Dr. Ir. Noer Azam Achsani, MS**
- 3. Dr. Tanti Novianti, S.P., M.Si**
- 4. Dr. Tony Irawan, SE., M.App.Ec**

**DEVELOPMENT ECONOMICS STUDY PROGRAM
DEPARTMENT OF ECONOMICS
FACULTY OF ECONOMICS AND MANAGEMENT
IPB UNIVERSITY
2024**



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SEMESTER LESSON PLANS (RPS)

Course Name (MK)	Course Code	Course Cluster	Weight (credits)		Semester	Approval Date
International Financial Economics	EKO1326	In-depth Prodi Courses	Lecture: 3	Practicum: -	6	12 Agustus 2024
	Total student workload:		Face-to-face:	Independent learning:	Maximum class size:	
	135 Hours		50 Hours	85 Hours	100 Students	
AUTHORIZATION / APPROVAL	RPS Developer Lecturer		Course Coordinator		Head of Study Program	
	Signature Prof. Dr. Ir. Dedi Budiman Hakim, MA.Ec		Signature Prof. Dr. Ir. Dedi Budiman Hakim, MA.Ec		Signature Dr. Tony Irawan, M.App.Ec	
Course Category	CCC/EC/FL/ACC/IC/Final Year Project					
Course Description	This course provides knowledge about the importance of international finance and the current developments in international finance.					
Intended Learning Outcomes (ILOs) of the Study Program	Study Program Learning Outcomes assigned to the Course					
	ILO 1	Able to analyze the basic concepts of economic agents' behavior from micro, macro, and its branches' perspectives.				
	ILO 2	Able to analyze various economic problems and policies from a macro perspective.				
	ILO 3	Able to apply the principles of economics in the context of current economic issues.				
	ILO 4	Able to explain and apply economic models based on theory for decision-making, problem-solving, and planning in the field of economics.				
	ILO 5	Able to demonstrate oral and written communication skills in various forms based on logical, creative, and innovative thinking.				
	ILO 6	Able to work independently as well as effectively and adaptively in groups, prioritizing professional integrity and ethical values				
	ILO 7	Demonstrate leadership qualities in problem-solving.				
Course Learning Outcomes	Learning Outcomes (CLOs)					
	CLO 1	Students are able to assess the importance of international financial issues and their developments				
	CLO 2	Students are able to measure the benefits and efficiency of activities in international financial markets				
	Sub-Learning Outcomes (Sub-CLOs)					
	Sub-CLO 1	Students are able to express opinions regarding issues in international financial markets				
	Sub-CLO 2	Students are able to explain the theory and application of foreign exchange markets				
	Sub-CLO 3	Students are able to differentiate between the types of markets in international finance				

	Sub-CLO 4	Students are able to calculate the profits or losses obtained from futures markets	
Relevance of CLO and Sub-CLO		CLO 1	CLO 2
	Sub-CLO 1	√	√
	Sub-CLO 2	√	√
	Sub-CLO 3	√	√
	Sub-CLO 4		√
Courses offered for	✓ Major		
Main References	<ol style="list-style-type: none"> 1. Moosa, Imad. 2004. International Finance: An Analytical Approach. McGraw-Hill. Australia. 2. Handouts and journals provided by the lecturers 		
Lecturers (Teaching Team)	<ol style="list-style-type: none"> 1. Prof. Dr. Ir. Dedi Budiman Hakim, MA.Ec 2. Prof. Dr. Ir. Noer Azam Achsani, MS 3. Dr. Tanti Novianti, S.P., M.Si 4. Dr. Tony Irawan, M.App.Ec 		

Table 1. Lesson Plan for Each Meeting

Week	Basic Competence/ Final Skills (Sub- CLO)	Study Material	Learning Method	Estimated Time (Minutes)	Learning Experience	Indicator	Assessment Criteria	Assessment Weight (%)
Students are able to:								
1	Students are able to express opinions regarding issues in international financial markets	<ul style="list-style-type: none"> a. Course contract b. The importance of international finance c. International business companies d. Interdependence in international finance e. Micro and macro aspects of international finance f. The role of financial managers, the impact of exchange rate fluctuations g. International financial indicators h. Developments in international finance post-war 	Lecture, Discussion, and Assignment	Lecture Duration: 3x50"	Students understand the factors causing advantages in international finance, explain the duties of financial managers, financial internationalization, and identify current developments.	Accuracy and completeness of explanations in answering exam questions	<ul style="list-style-type: none"> ● Cognitive/Knowledge: <ul style="list-style-type: none"> ○ Assignment ○ Midterm Exam 	
2	Students are able to explain the theory and application of foreign exchange markets	<ul style="list-style-type: none"> a. Understanding and characteristics of the foreign exchange market b. Market members, size, and composition, geographic distribution c. Currency composition 	Lecture, Discussion, and Assignment	Lecture Duration: 3x50"	Students can explain the foreign exchange market, and identify participants and currencies, explain the mechanism and technology of foreign exchange trading, introduce	Accuracy and completeness of explanations in answering exam questions	<ul style="list-style-type: none"> ● Cognitive/Knowledge: <ul style="list-style-type: none"> ○ Assignment ○ Midterm Exam 	

Week	Basic Competence/ Final Skills (Sub- CLO)	Study Material	Learning Method	Estimated Time (Minutes)	Learning Experience	Indicator	Assessment Criteria	Assessment Weight (%)
		d. Components of foreign exchange transactions e. Foreign exchange spot transaction f. Exchange rate changes and currency conversion g. Forward exchange rates h. Outright and swap forward transactions i. Forward spread j. Premium and discount			the concept of exchange rates, and describe a well-managed foreign exchange position			
3	Students are able to explain the theory and application of foreign exchange markets	a. Explain about the definition and structure of the BOP b. Current account components c. Financial account d. BOP and the foreign exchange market e. Factors affecting the current account f. Effective exchange rate, real exchange rate, effective real exchange rate	Lecture, Discussion, and Assignment	Lecture Duration: 3x50"	Students can understand the structure of the BOP, the relationship between the foreign exchange market and the concept of effective exchange rates.	Accuracy and completeness of explanations in answering exam questions	<ul style="list-style-type: none"> • Cognitive/Knowledge: <ul style="list-style-type: none"> ○ Assignment ○ Midterm Exam 	
4	Students are able to explain the theory and application of foreign exchange markets	a. Explain several types of facts b. Exchange rate balance	Lecture, Discussion, and Assignment	Lecture Duration: 3x50"	Students understand the factors causing changes in	Accuracy and completeness of explanations in	<ul style="list-style-type: none"> • Write down the assessment components that are 	

Week	Basic Competence/ Final Skills (Sub- CLO)	Study Material	Learning Method	Estimated Time (Minutes)	Learning Experience	Indicator	Assessment Criteria	Assessment Weight (%)
		<ul style="list-style-type: none"> c. Determinants of foreign exchange supply and demand d. Arbitrage in the foreign exchange market e. Multipoint arbitrage f. Foreign exchange market speculation g. Determinants of bid-offer spread arbitrage and speculation with the bid-offer spread h. Determinants of forward spread 			exchange rates, the impact of arbitrage and speculation, explain the bid-offer spread and forward spread, and the influence of explaining the bid-offer spread and forward spread on exchange rates.	answering exam questions	Cognitive/Knowledge-based: <ul style="list-style-type: none"> ○ Assignment ○ Midterm Exam 	
5	Students are able to explain the theory and application of foreign exchange markets	<ul style="list-style-type: none"> a. Explain about the definition and components of the IMS b. Classification of the monetary system c. Fixed and flexible exchange rates d. Development of the international financial system e. Financial crisis f. One world currency 	Lecture, Discussion, and Assignment	Lecture Duration: 3x50"	Students understand the classification of the international monetary system, an outline of the exchange rate arrangement, pros and cons of fixed and flexible exchange rates.	Accuracy and completeness of explanations in answering exam questions	<ul style="list-style-type: none"> ● Cognitive/Knowledge: <ul style="list-style-type: none"> ○ Assignment ○ Midterm Exam 	
6	Students are able to differentiate between the types of markets in international finance	<ul style="list-style-type: none"> a. Explain about the definition of forward contracts 	Lecture, Discussion, and Assignment	Lecture Duration: 3x50"	Students understand forward contracts and how to avoid	Accuracy and completeness of explanations in	<ul style="list-style-type: none"> ● Cognitive/Knowledge: <ul style="list-style-type: none"> ○ Assignment ○ Midterm Exam 	

Week	Basic Competence/ Final Skills (Sub- CLO)	Study Material	Learning Method	Estimated Time (Minutes)	Learning Experience	Indicator	Assessment Criteria	Assessment Weight (%)
		b. Comparison between forward and futures markets, swaps c. Swap exchange rate d. Swap interest rate			them, compare forward and futures markets, and explain swap designs.	answering exam questions		
7	Students are able to differentiate between the types of markets in international finance	a. Explain about the definition of currency options b. Call and put options, European or American c. Currency selection specifications d. Determinants of option pricing e. Measure sensitivity f. Exotic options	Lecture, Discussion, and Assignment	Lecture Duration: 3x50"	Students understand the basic concepts, currency option contracts, option premium determinants, and exotic currency options.	Accuracy and completeness of explanations in answering exam questions	<ul style="list-style-type: none"> ● Cognitive/Knowledge: <ul style="list-style-type: none"> ○ Assignment ○ Midterm Exam 	
8	Exams to evaluate material mastery by students on the material of Meeting 1 up to Meeting 7	Material from Meeting 1 to Meeting 7	Completing written exam questions	2x60"	Understanding the material taught, both in theory and in its practical application in the real world.	<ul style="list-style-type: none"> ● Completeness and accuracy of explanations in answering exam questions 	<ul style="list-style-type: none"> ● Paper-based written exam to assess understanding of the material 	
9	Students are able to differentiate between the types of markets in international finance	a. Explain about European currency and the European currency market b. European currency centers c. Evolution and growth of European banking d. Reasons for the emergence of	Lecture and Discussion	Lecture Duration: 3x50"	Students can explain the European currency market, European central bank currency, reasons for the growth of European currency, and explain	Accuracy and completeness of explanations in answering exam questions	<ul style="list-style-type: none"> ● Cognitive/Knowledge: <ul style="list-style-type: none"> ○ Final Exam 	

Week	Basic Competence/ Final Skills (Sub- CLO)	Study Material	Learning Method	Estimated Time (Minutes)	Learning Experience	Indicator	Assessment Criteria	Assessment Weight (%)
		international banking e. International bank activities			international banking.			
10	Students are able to calculate the profits or losses obtained from futures markets	a. Explain about the law of one price b. Transition from LOP to PPP c. PPP exchange rate d. Validity of PPP e. Actual and PPP exchange rate f. Nominal and real exchange rates g. PPP as a trading rule h. Monetary exchange rate models	Lecture and Discussion	Lecture Duration: 3x50"	Students can explain the law of one price, derivation of PPP from LOP, assess the empirical validity of PPP, PPP trading rules, and monetary models.	Accuracy and completeness of explanations in answering exam questions	• Cognitive/Knowledge: ○ Final Exam	
11	Students are able to calculate the profits or losses obtained from futures markets	a. Explain about the definition of CIP b. Reasons for choosing CIP c. CIP equilibrium conditions d. Investment earnings and CIA (covered interest arbitrage) e. Arbitrage closure with bid-offer spread f. CIP deviations and margin closure g. Determinants of covered margin	Lecture and Discussion	Lecture Duration: 3x50"	Students understand the reasons for CIP, explain CIP conditions, the mechanism of covered arbitrage, and explain deviations from CIP.	Accuracy and completeness of explanations in answering exam questions	• Cognitive/Knowledge: ○ Final Exam	

Week	Basic Competence/ Final Skills (Sub- CLO)	Study Material	Learning Method	Estimated Time (Minutes)	Learning Experience	Indicator	Assessment Criteria	Assessment Weight (%)
12	Students are able to calculate the profits or losses obtained from futures markets	<ul style="list-style-type: none"> a. Explain about the concept and market efficiency b. Forward market efficiency c. Uncovered interest parity d. Returns on foreign and domestic investment e. UIP conditions and uncovered interest arbitrage f. UIA with bid-offer spread g. Real interest parity 	Lecture and Discussion	Lecture Duration: 3x50"	Students understand the concept of market efficiency, the condition of UIP, empirical validation of UIP, explain the concept of real interest rates, and derivation of real interest parity.	Accuracy and completeness of explanations in answering exam questions	<ul style="list-style-type: none"> • Cognitive/Knowledge: <ul style="list-style-type: none"> ○ Final Exam 	
13	Students are able to calculate the profits or losses obtained from futures markets	<ul style="list-style-type: none"> a. Explain the importance of exchange rate forecasting b. Econometric forecasting models c. Time series models d. Forecasting laws e. Forecasting composites f. Forecast evaluation g. Measuring forecast accuracy h. Technical analysis i. Market efficiency and trading rules j. Empirical evidence 	Lecture and Discussion	Lecture Duration: 3x50"	Students understand the importance of exchange rate forecasting, forecasting techniques, empirical evidence from forecasting models, explain how to evaluate forecasts, analysis techniques using general purchasing and sales signals, choose rules and moving average working rules.	Accuracy and completeness of explanations in answering exam questions	<ul style="list-style-type: none"> • Cognitive/Knowledge: <ul style="list-style-type: none"> ○ Final Exam 	

Week	Basic Competence/ Final Skills (Sub- CLO)	Study Material	Learning Method	Estimated Time (Minutes)	Learning Experience	Indicator	Assessment Criteria	Assessment Weight (%)
14	Students are able to calculate the profits or losses obtained from futures markets	<ul style="list-style-type: none"> a. Explain the definition of risk b. Foreign exchange risk c. Measuring risk d. Value at risk e. Pros and cons f. Foreign exchange exposure g. Exposure line h. Relationship between foreign exchange risk and exposure i. Factors affecting foreign exchange risk and exposure 	Lecture and Discussion	Lecture Duration: 3x50"	Students can explain risk and exposure, differentiate between transaction, economic, and exposure.	Accuracy and completeness of explanations in answering exam questions	<ul style="list-style-type: none"> • Cognitive/Knowledge: <ul style="list-style-type: none"> ○ Final Exam 	
15	Students are able to calculate the profits or losses obtained from futures markets	<ul style="list-style-type: none"> a. Explain the reasons people study foreign exchange risk b. Forward and futures hedging c. Money market protection (receipts and payments) d. Hedging selection e. Long-term transaction exposure management f. Economic exposure g. Translation exposure 	Lecture and Discussion	Lecture Duration: 3x50"	Students understand the reasons for studying foreign exchange risk, how to manage transaction, economic and translation exposure.	Accuracy and completeness of explanations in answering exam questions	<ul style="list-style-type: none"> • Write down the assessment components that are Cognitive/Knowledge-based: <ul style="list-style-type: none"> ○ Final Exam 	

Week	Basic Competence/ Final Skills (Sub- CLO)	Study Material	Learning Method	Estimated Time (Minutes)	Learning Experience	Indicator	Assessment Criteria	Assessment Weight (%)
16	Students are capable of completing written exam questions to evaluate their mastery of the material from Meeting 9 through Meeting 15	Material from Meeting 9 to Meeting 15	Completing written exam questions	2x60''	Understanding the material taught, both in theory and in its practical application in the real world.	<ul style="list-style-type: none"> Completeness and accuracy of explanations in answering exam questions 	<ul style="list-style-type: none"> Paper-based written exam to assess understanding of the material 	

Table 2. Assessment Components

No	Assessment Component	Weight (%)	Description
1.	Participatory Activities	-	
2.	Project Results	0	
3.	Cognitive/Knowledge		
	<ul style="list-style-type: none"> Assignment 	20	Review journals and compile them into a paper to be submitted at the end of the midterm exam (UTS) session
	<ul style="list-style-type: none"> Quiz 	-	
	<ul style="list-style-type: none"> Midterm Exam 	40	Complete exam questions in written form
	<ul style="list-style-type: none"> Final Exam 	40	Complete exam questions in written form
	Total Weight (%)	100	

GRADE DETERMINATION CATEGORY

Score in Grade	Point	Score Range
A	4.0	≥ 80
AB	3.5	75-79.9
B	3.0	70-74.9
BC	2.5	65-69.9
C	2.0	60-64.9
D	1.0	<60