

Lesson Plan
St. Joseph's College of Commerce, Bangalore
M.Com I Semester

Course Name: International Financial Institutions and Market

Faculty Name: Dr. R. Himachalopathy

Module No.	Session No.	Topic	Pre Class Activity	Pedagogy	Out of class assignment
I	1	Overview of international financial institutions and markets (financial intermediaries)	Discussion on Financial system	Lecture & Interaction	Collect ET articles on 1. Global Equity Market 2. Global Bond market 3. Indian forex market throughout the semester
	2	IMF – Role and financial policies, International banking —Products offered by international banks (letters of credit etc) —	refer 1. www.xe.com/ and	Lecture & Problems handling	
	3	Foreign Currency Accounts , External Commercial Borrowings – Including Indian Perspective	2.	Lecture & Problems handling	
	4	Theories of exchange rate determination (Purchasing power parity risk management in international banking and FIs — international payment/settlement system	www.bloomberg.com/markets/currencies/	Lecture & Interaction	
	5	central banks and creation of money — International investment/merchant banks,	rates flashed on the website	Lecture & Interaction	
II	6	How currencies are traded — spot —forward — futures and derivatives market	Discussion on world currencies	Lecture & Interaction	Sums on currency quotations
	7	currency markets — Players in the foreign exchange market — favorite currencies and trading locations	Read up on currency market	Lecture & Problems handling	Sums on arbitrage
	8	Bond markets — types of bonds — issuance procedure — bond duration —bond valuation	look up newspaper articles on Bond issues in the international Market	Lecture & Problems handling	
	9	risk — interest rates and covered interest arbitrage and covered interest parity Exchange rate forecasting		Lecture & Interaction	
III	10	what money markets do? — money market funds — money market instruments — commercial paper, BA, treasury bills, notes, inter-bank loans, international agency paper, repo/reverse repo, money market and the monetary policy	Read up on Bond Market world of Futures	Lecture & Problems handling	
	11	Bond markets — types of bonds — issuance procedure — bond duration —bond valuation	Read up on speculations	Lecture & Interaction	Sums on future contracts
	12	trading in bonds — global bonds — bond indices — International fixed income markets — Euromarkets — I		Lecture & Interaction	
IV	13	types — floatation — secondary market — OTC market — international equity market — international stock exchanges — international listings	Read up on FE risk	Lecture & Interaction	
	14	—international trading — depositary receipts (including process of issuing GDRs/ADRs).	Read up on ADR and GDR	Lecture & Interaction	
	15	Futures and option markets — currency, commodity and stock derivatives — hedging with derivatives	Read up on hedging	Lecture & Interaction	
	16	Swaps/FRA — the swap market — types — mechanics — hedging.			
	17	Investment companies and exchange traded funds. Interest rate derivatives —caps, floors and band —hedging.	Read up on hedging	Lecture & Interaction	
	18	Mortgage backed securities — securitization process		Lecture & Interaction	Submission of assignments announced in the 1st week on 2 topics
	19	Fannie Mae and Ginnie Mae — CDOs & CMBs —	Read up Sub - Prime Crisis	Lecture & Interaction	
	20	mortgage backed securities outside the US		Lecture & Interaction	

Books

- 1 4. Shapiro — Multinational Financial Management — Prentice Hall
- 2 6. Jeff Madura — Financial Institutions & Markets — Thomson South –Western
- 3 Jeevanandam: Foreign Exchange – Practice, Concepts & Control, Sultan Chand & Sons