



M.Sc. PROGRAM IN ECONOMIC
AND BUSINESS STRATEGY



UNIVERSITY OF PIRAEUS
DEPARTMENT OF ECONOMICS

INTERNATIONAL FINANCE



Tutor: Angelos Kanas
Konstantinos Eleftheriou
e-mail: akanas@unipi.gr
keleft@unipi.gr

INTERNATIONAL FINANCE

Course Description

The course will provide a thorough presentation of policy-related quantitative analysis for issues in international finance. It will focus on international financial risk management issues with emphasis on currency markets, and banking crises. Forecasting in international institutions (IMF, European Commission) will also receive attention. Measuring banking risks using various quantitative approaches (including VaR, and stress testing) will also be covered. Finally, financial derivatives of both first and second generation and their role in risk management will be presented.

Course Outline – Angelos Kanas

- Currency markets, and market efficiency. Types, operations, exchange rate risks, and hedging. Empirical methodologies in currency markets, statistical implications, econometric extensions. (Gujarati, Chapter 21; Kanas, 1998, Applied Financial Economics)
- Determination of exchange rates in the short term and in the long term. Models, applications. Empirical studies.
- Using EViews for financial econometric analysis of currency markets.
- Exchange rate risk and management using currency futures, currency options. Second generation options: Asian options, lookback options, barrier options, quanto options (Kanas, Angelos, Management International Review, 1996; Shapiro, Chapter 6).
- Currency futures, markets, strategies, pricing, applications. International financial risks, stock index risks, and management using stock index options, stock index futures.
- 6. Banking models, Basel III, and recent financial crises. Econometric implications: Stress testing, VaR. (Kanas, Economic Modelling 2005).

Course Outline – Konstantinos Eleftheriou

- The Balance of Payments – Principles and Components

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- The Balance of Payments – The Adjustment Process – The Income Approach
- The Balance of Payments – The Adjustment Process – The Monetary Approach
- The Role and the Functions of Central Banks
- Economic and Financial Crises and International Financial Architecture

Material

The following material provides a good coverage of most of the topics presented in this course:

EUROPEAN COMMISSION, DG ECFIN (ECONOMIC AND FINANCIAL AFFAIRS), European Economic Forecast Spring 2019, Institutional Paper No 102, May 2019, pp 207.

EUROPEAN COMMISSION, DG ECFIN (ECONOMIC AND FINANCIAL AFFAIRS), European Economic Forecast Summer Interim Forecast 2019, Institutional Paper No 108, July 2019.

Shapiro, A., 1996, Multinational Financial Management, 5th edition., Prentice Hall.

Brealey R. and S Myers (BM) (2017) Principles of Corporate Finance, McGraw Hill, 12th edition.

Gujarati, D., 1995, Basic Econometrics, McGraw Hill.

Greene, W. H., Econometric Analysis, Prentice Hall, 2003.

Mills, T., The Econometric Modeling of Financial Time Series, Second Edition, Cambridge University Press, 1999.

Frank Fabozzi, and Franco Modigliani, 1996, Capital Markets, Institutions and Instruments, 2nd editions, Prentice Hall International, New Jersey, ISBN: 0-13- 509093-8.

Bodie, Z., A Kane, and A Marcus, 1996, Investments, 3rd edition, Irwin.

Aghevli, B., and Khan, M. (1977). The monetary approach to balance of payments determination: An empirical test. In Members of the Staff of the IMF, The Monetary Approach to the Balance of Payments, Washington, International Monetary Fund, 275-290.

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- Feenstra, R. and Taylor, A. M. (2014). International Macroeconomics. 3rd. ed., Worth Publishers.
- Leventakis, I. (2003). International Macroeconomics and Finance. Stamoulis Publications, Athens.
- Pagliari, S. and Wilf, M. (2020). Regulatory novelty after financial crises: Evidence from international banking and securities standards, 1975–2016. Regulation & Governance. doi: <https://doi.org/10.1111/rego.12346>
- Schinasi, G. (2005). The role of central banks in ensuring financial stability. In Safeguarding Financial Stability: Theory and Practice. USA: INTERNATIONAL MONETARY FUND. doi: <https://doi.org/10.5089/9781589064409.071>

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