Federal State Educational Budgetary Institution of

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**FINANCIAL UNIVERSITY UNDER THE GOVERNMENT**

**RUSSIAN FEDERATION**

**(Financial University)**

**Department of Global Economy and Global Finance**

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**I.Z. Yarygina, I.V. Lukashenko**

***International finance***

**Syllabus**

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| Curriculum 38.04.01«Economics»,  Master's program profiles - International Finance and Banking, International Finance and Banking (with partial implementation in English)  *Recommended by the Academic Council of the Faculty of International Economic Relations (protocol No. \_\_ of "\_\_" \_\_\_\_\_\_ 2019).*  *Approved by the Council of the Educational and Scientific Department of the World Economy and World Finance*  *(Minutes No.\_\_ of "\_\_\_" \_\_\_\_\_\_\_ 2019)*  **Moscow 2019** |

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Yarygina I.Z., Lukashenko I.V.

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The subject"International Finance" refers to the compulsory subjects of the master's program "International Finance and Banks". Syllabuspresents a thematic plan for studying the subject, a program, tasks for independent work, methodological recommendations to prepare for classes; questions are given for preparing for intermediate certification.

Training Edition

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International finance

Syllabus

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# 1. Title of subject: "International Finance" - subject for the master's program "International Finance and Banks"

# The list of planned learning outcomes in the subject, correlated with the planned learning outcomes of the educational program

For admission in 2018, the master's program profile is “International Finance and Banks” the master's program profile “World Finance and Banks” (with partial implementation in English)

Table 1

|  |  |  |  |
| --- | --- | --- | --- |
| Competency code | Name of competency | Indicators of competency achievement | Learning outcomes (skills and knowledge) correlated with competencies |
| **Additional focus competencies-3/AFC-3**  **(ДКН-3)** | The ability to apply modern mathematical tools for managing financial flows of business entities, risk management to assess the prospects of international banking and financial activities and justify their boundaries. | 1. Student uses world-famous mathematical models of managing financial flows of business entities, risk management to assess prospects of  International banking and financial activities in modern conditions of market relations; justify application boundaries of the constructive financial strategies. | Knowledge of modern information-analytical systems and integrated software packages, modern software calculation tools.  Ability to simulate financial processes and determine the conditions and limitations of their use.  Knowledge of standard theoretical models of economic phenomena and processes,   The ability to use the standard and develop their own theoretical models based on the developed hypotheses and assumptions obtained by statistical data; test models for their consistency; check the representativeness of statistical samples, and evaluate the quality of the model and the scope of the results. |
| **General Professional Competencies-1/GPC-1 (ПКН-1)** | The ability to identify problems and trends in the modern economy while solving professional problems. | 1. Student demonstrates an understanding of the main results in the latest economic research, the methodology of scientific research in the professional field. 2. Identifies sources and searches for information to conduct scientific research and solve practical problems in the professional sphere, can conduct a comparative analysis of different points of view on the solution of modern economic problems and justify the choice of effective methods in economic regulation. 3. Student knows the methods of collective work of experts, universal methods of ranking alternatives, and complex expert procedures for assessing trends in economic development at the macro, mezo and micro levels. | Knowledge of the laws governing the functioning of international financial markets, the specifics of the system and the interaction of its elements, factors affecting its state and development.  Ability to build the process of mastering relevant information regarding collection and its structuring to identify problems and prospects of economic activity; demonstrate practical skills in developing their own scientific hypotheses (ideas), their assessment.  Knowledge of methods for collecting and analyzing information using domestic and foreign information and analytical systems, websites of relevant financial organizations and international associations.  The ability to collect the necessary data, analyze it and prepare an analytical review, report, scientific article or report with the formulation of conclusions and building forecasts based on the data obtained.  The ability to justify the need to implement the findings in order to increase national competitiveness and faster growth in the global financial environment.  Knowledge of the development trends of the financial economic sphere for the formation of forecasts for its development at different levels.  The ability  To make decisions in the conditions of financial instability;  Select and structure the initial data and the results obtained;  Determine the priority of the tasks to be solved, the course and stages of the study;  Understand the forecasting opportunities and ways to increase its accuracy by ranking methods for possible solution alternatives in terms of its simplicity, scope of work and others selection criteria. |
| **General Professional Competencies-3/GPC-3 (ПКН-3)** | The ability to apply innovative technologies, methods of system analysis and modeling of economic processes in the formulation and solution of economic problems | 1. Student applies modern mathematical models and information technologies to predict economic development trends, solve economic problems at the macro, medium and micro levels, and assess the consequences of managerial decisions. 2. Student is able to rank the strategic and tactical goals of economic development at the macro, medium and micro levels; use factual (statistical, economic, and mathematical) methods for analysis and systematic assessments. | Knowledge of patterns and features of world finance functioning based on the results of research by domestic and foreign authors on financial and economic issues.  The ability to build causal relationships in economic processes at various levels, and, therefore, to identify stable relationships and trends in economic phenomena.  Knowledge of the main sources of qualitative and quantitative information on financial topics.  Ability to justify the choice of a research direction based on its practical significance, adhere to the developed research program, break down the research process into successive stages of work; adhere to priority tasks to achieve the goal of the study;  Skills in formulating research results in accordance with accepted standards |
| **General Professional Competencies-5/GPC-5 (ПКН-5)** | Ability to manage economic risks, investments, financial flows based on knowledge integration from related fields, bear responsibility for organizational and managerial decisions | 1. Student applies theoretical knowledge and economic laws to develop algorithms for managing economic risks, investment projects, and financial flows.   2. Student demonstrates knowledge of the content of the basic schemes of financial support for investment projects and their features.  3. Student justifies decisions on managing investment projects and financial flows based on the integration of knowledge from various fields | Knowledge of basic economic theories describing basic macroeconomic processes  Ability to find the data necessary for the analysis and forecasting of directions and methods of investment, assessment of possible risks, payback periods of investment projects, etc.; work with large amounts of information.  Knowledge of information, computer technologies and modern tools for analysis and assessment of the status, trends and problems of the investment sphere in the financial system as a whole and in individual geopolitical regions.  Ability to critically evaluate existing VAT models of assets at risk, and make scientifically based adjustments to them.  Knowledge of methods and schemes for financing investment projects.  The ability to analyze the available statistical material on mergers and acquisitions, venture financing, project financing and use this amount of historical quantitative data to assess the impact of various factors on the development and direction of investment processes for making high-quality forecasts. |
| **Managerial competencies-5/MC-5**  **(УК-5)** | The ability to lead the work of the team, make organizational and managerial decisions to achieve the assigned goal, bear responsibility for them | 1. 1. Student organizes teamwork, sets goals for teamwork. 2. 2. Student develops a team strategy to achieve the goal based on tasks and methods for solving them. 3. 3. Student takes responsibility for organizational and managerial decisions. | Knowledge of the fundamentals of regulation of the international financial market.  Ability to develop plans and management decisions on financing methods, depending on the specifics of a particular situation.  Knowledge of methods for evaluating the management decisions effectiveness.  Ability to set a goal and its corresponding tasks, object and subject of research, methods of solution; build a work plan and monitor the sequence of its implementation; justify the obtained scientific results.  Knowledge of legislative and regulatory legal acts regulating financial and economic activities.   The ability to develop an optimal managerial decision based on the study, to outline the boundaries of its use and possible consequences. The ability to realize the significance of the decision and the degree of validity and reliability of the results. |

## 3.The place of subject in the structure of the educational program

The subject "International Finance" is a compulsory subject of the master's program "International Finance and Banks" in the field of study 38.04.01 "Economics". The study of the subject is based on the knowledge gained by students in the study of the subjects of “Financial markets”, “International financial market”, “National and regional monetary and financial systems”, “Information technologies in professional activities”.

## 4.The volume of subject in credits and academic hours with the allocation of the volume of classroom (lectures, seminars) and self-study of students

Table 2

|  |  |  |  |
| --- | --- | --- | --- |
| Field of study "Economics", the program "International Finance and Banks" | | | |
| Type of academic work in the subject | Total    (in credit inits and hours) | Module 5  (in hours) | Module 6  (in hours) |
| The total complexity of the subject | 5/180 | 62 | 118 |
| Classes | 66 | 16 | 40 |
| Lectures | 14 | 4 | 10 |
| Practical and seminar classes, incl. lessons in interactive forms | 52  52 | 12  12 | 40  40 |
| Self-study | 114 | 46 | 68 |
| Type of interim certification | Exam | Exam | Exam |

## 5.The content of the subject, structured by topics (sections) of the subject, indicating volumes (in academic hours) and types of classes

### 5.1. Curriculum of the subject "International Finance"

Theme 1. International finance in a global economy

The concept of international finance. The financial market and its structure. Securities market- based financial system (financial structure). Banks- based financial system. Institutionalization of international finance. Regional structures of the financial sector. The role, functions and characteristics of financial intermediaries in different countries. The role of exchanges in international finance. Review of exchanges in different countries, comparison of their indicators, lists of traded instruments, trading mode. Aggregate statistics for the global financial industry as a whole and for individual financial sub-sectors: exchanges, commercial banks, insurance companies, pension funds, investment funds, etc.

The main sources of information on international finance: exchanges websites, central banks, international financial organizations, information and analytical systems.

**Theme 2. Currency aspects of international financial activity**

Overview of the foreign exchange market, its derivatives. The relationship of the exchange rate with the main economic indicators for countries, regions. Types of exchange rates. Acquaintance with the currency information portal of information and analytical system Bloomberg: work with currency tickers and currency baskets. The matrix of exchange rates and the world currencies rating. Evaluation of exchange rates forecasts: quarterly, annual and archived, for a four-year horizon from various sources. Scenarios for calculating the volatility of currency pairs. Work with forward rates, market consensus of forward rates for standard settlement dates, calculation of forward prices with a non-standard term (tenor).

Theme 3. Instruments of the international financial market.

Non-issue financial instruments of the international financial market. International credit market. Syndicated loans. Analysis of regional features of this type of loan on specific transaction example. Evaluation of the financial market, using Bloomberg. International project lending by country, industry. Its scope, review of transactions, participants, areas of application. Cash flow calculation in project financing. Equity financial instruments. Types of shares of corporations. Instruments derived from shares: warrants, American, global, Russian depositary receipts, futures, options. Comparison of regional stock markets, their capitalization. The main indicators of the equity capital market: stock indices and their indicators. The main indicators of investment attractiveness of shares: capitalization, current profitability, price / profit, and other analytical indicators. The evolution of regulation in the international capital market.

**Theme 4. The structure and profitability of debt instruments in the international financial market**

Government debt obligations. Federal government bonds: Treasury short, medium and long-term bonds. Familiarization with the functions of information and analytical systems using the example of Bloomberg on government and corporate bonds and related derivative securities. Work with news and analytical opportunities on sovereign and corporate bonds, including data on issuers. Selection of securities with a fixed yield by specified parameters, Review of the global bond market, ratings. Work with yield curves. Eurobonds as an important source of external financing for a corporation. Credit rating of the issuer of the security. Issuer's debt burden distribution: state or corporation. Price, yield and duration of the bond, comparison with the benchmark.

Theme 5. Foreign direct investment in international finance

Foreign direct investment market review. Volume, number of transactions by region, country, industry, cumulatively worldwide for a selected period. A detailed analysis of various investment transactions according to a number of criteria: the purpose of the investment, the value of the investment transaction, the range of announcement / completion dates, transaction status, type of payment, transaction size, etc. to make an informed investment decision. Capital flows by FDI, regional activity. Work in the information-analytical system Bloomberg with lists of investors and transactions according to specific search criteria to compare indicators and activity of transactions for different periods, as well as to analyze transactions on a time scale in specific industries and regions. Types of investment transactions: mergers and acquisitions, joint ventures, venture capital, individual investment (business angel), etc. Types of investors: private investor, investor group, management group, banking consortium, joint venture. The projected amount of synergy gains, the projected amount of synergy costs for developed and emerging markets.

**Theme 6. International portfolio investment**

Portfolio of securities, its main characteristics, goals and features of portfolio investment. Overview of portfolios from the database of the information-analytical system Bloomberg. Analysis of portfolio characteristics, historical indicators and potential sources of risk. Functions for monitoring intraday indicators, fundamental characteristics, attribution of historical results, predicted tracking errors, scenario analysis and portfolio optimization.

**Theme 7. Portfolio risk management in international finance**

Overview of factor risk models. Possibilities to calculate portfolio VaR with breakdown by instruments or groups. Comparison of models: Monte Carlo, historical and parametric, at various levels of confidence for the selected period. Portfolio stress testing to determine the level of influence: best / worst scenarios and analysis of position indicators in the stock, fixed income or balanced portfolio, creating new (personal) scenarios for in-depth stress testing. Creation and export of portfolio report.

### 5.2. Syllabus

Таблица 2

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| № | **The name of the topic (section) of the subject** | **Labor input in hours** | | | | | | **Forms of current performance monitoring** |
| **In common** | **Аудиторная работа** | | | | **Self-study** |
| Total | Lectures | Practical and seminars classroom work | Interactive forms of study |
| 1. | International  finance in the global economy | 20 | 7 | 1 | 6 | 6 | 14 |  |
| 2. | Currency aspects of international financial activity | 24 | 9 | 1 | 8 | 8 | 14 |  |
| 3. | Instruments of the international financial market | 26 | 12 | 2 | 10 | 10 | 14 | Creative homework |
| 4 | Structure and yield of debt instruments of the international financial market | 20 | 8 | 2 | 6 | 6 | 14 | Exam |
| 5 | Foreign direct investment in international finance | 30 | 10 | 2 | 8 | 8 | 18 |  |
| 6 | International portfolio investment | 30 | 11 | 3 | 8 | 8 | 22 |  |
| 7 | Portfolio risk management in international finance | 30 | 9 | 3 | 6 | 6 | 22 |  |
|  | Итого: | 180 | 66 | 14 | 52 | 52 | 118 | Exam |

### 5.3. The content of practical trainings and seminars

Table 3

|  |  |  |
| --- | --- | --- |
| **Name of subject sections** | **List of issues for discussion at seminars, trainings, recommended sources from sections 8,9 (the section and serial number of the source is indicated)** | **Forms of conducting classes** |
| International finance in a global economy | Definition and classification of financial markets.  Key indicators of national and global financial markets. Features of the financial structure of different countries. Aggregated statistics on the financial industry and its subsectors. | Work with the relevant functions of i/a system Bloomberg, problem solving, discussion of results. |
| Currency aspects of international financial activities | Working with the Bloomberg currency base: currency tickers and currency baskets. World currencies rating and exchange rate matrix. Assessment of exchange rate forecasts for different horizons and from different sources. Calculator of currency pair volatility. Forward Rate Calculator. Finding market consensus of forward rates on standard settlement dates, calculating forward prices with a non-standard term. | Solving situational problems on the topic of the seminar. Work with the corresponding functions of i/a system Bloomberg, problem solving, discussion of the results. |
| International financial market instruments | International credit, its varieties by terms, security, currency, etc. Examples and details of a loan agreement based on data from Bloomberg information and analytical system. International project lending by country, industry, its volume, review of transactions over a certain period. Information in Bloomberg on the stock markets of different countries. Review of Bloomberg on exchanges of different countries, a comparison of their performance: instruments, participants, trading mode. Search for stocks by criteria. Work with the functionality of stock derivatives. | Work with the relevant functions of i/a system Bloomberg, problem solving, discussion of results. |
| Structure and yield of debt instruments in the international financial market | Familiarization with the functions of information and analytical systems on the example of Bloomberg on government, corporate bonds and related derivatives. Work with news and analytical opportunities on sovereign and corporate bonds, including data on issuers. Selection of securities with a fixed yield according to the specified parameters. Correlation of fixed-income securities indicators. | Work with the relevant functions of i/a system Bloomberg, problem solving, discussion of results. |
| Foreign direct investment in international finance | Working with the Bloomberg functionality dedicated to foreign direct investment lawsuit data on the volume, number of transactions by region, country, and industry, cumulatively worldwide for a selected period. Detailed analysis of various investment transactions by a number of criteria. Analysis of the company - investment objectives, investor, financial intermediary rating. Financial indicators of transactions. | Work with the relevant functions of i/a system Bloomberg, problem solving, discussion of results. |
| International portfolio investment | Creating your own portfolios, uploading them to Bloomberg. Work on creating a portfolio of securities from Bloomberg securities base. An overview of existing portfolios from the Bloomberg database. Work with the functions of monitoring intraday indicators, fundamental characteristics, attribution of historical results, predicted tracking errors, scenario analysis and portfolio optimization. | Work with the relevant functions of i/a system Bloomberg, problem solving, discussion of results. |
| Portfolio Risk Management | Working with Bloomberg Risk Functionality. VaR score. Comparison of different risk models at various confidence levels for the selected time horizon. Portfolio stress testing to determine the level of influence: best / worst scenarios and analysis of position indicators in the stock, fixed income or balanced portfolio. Creating new (personal) scenarios for in-depth stress testing. Create and export a portfolio report. | Work with the relevant functions of i/a system Bloomberg, problem solving, discussion of results. |

### 6. The list of educational and methodological support for self-study of students in the subject

### 6.1. The list of issues assigned to self-study of subject, forms of extracurricular activity

The purpose of extracurricular self-study is to master fundamental knowledge, professional abilities and skills in the profile of the studied subject, consolidate and systematize knowledge, develop skills and master the experience of creative, research activities. This type of independent work contributes to the development of independence, responsibility and organization, a creative approach to solving problems of the educational and professional levels.

The content of extracurricular self-study on the topics:

Table 4

|  |  |  |
| --- | --- | --- |
| **The name of the topics (sections) of the subject** | **The list of questions assigned to independent development** | **Forms of extracurricular self-study** |
| International finance in a global economy | Search for statistical information on the websites of the Bank for International Settlements, IMF, World Bank, OECD, and World Federation of Exchanges. Work with Thomson-Reuters. Functionality of Bloomberg Central Banks. | Work with educational literature and statistical sources. |
| Currency aspects of international financial activity | Analysis of the most active currencies.  Comparison of currency indicators for dozens of measures to measure relative value. Analysis of economic fundamentals and monetary policy to assess potential risk. | Work with educational literature and statistical sources;  Preparing for the discussion. |
| International financial market instruments | Search for world exchanges, creating custom lists of exchanges, their products and functioning details with the help of Bloomberg. IPO, new releases. | Work with educational literature and statistical sources. |
| The structure and analysis of the yield of debt instruments of the international financial market | Sovereign credit risk, World macro-leaders among securities with fixed income. Work with yield curves for countries and regional entities. Comparative analysis of yield curves of different countries. | Review of statistics;  Analysis of articles on the topic. Work with a presentation; preparation for the discussion. |
| Foreign direct investments | Search for investment transactions according to several selected criteria from the existing Bloomberg functionality. Comparable transactions. Detailed analysis of a single transaction, viewing its aggregate indicators. | Reading recommended literature;  Finding answers to control questions;  Preparation of abstracts for presentation at the seminar. |
| International portfolio investing | Selecting a fund from the Bloomberg library, analyzing its indicators according to the functionality of the system, analyzing profitability and resistance to external shocks. | Finding answers to control questions;   Preparation for the presentation. Acquaintance with the corresponding functionality |
| Portfolio risk management | Studying the corresponding functionality. Creating your own portfolio from Bloomberg securities or loading a portfolio created in Excel. Optimizing it in order to reduce the risk of creating several portfolios along the border of Markovits with a different percentage of securities turnover. Immunization of the debt portfolio. | Work with educational literature and statistical sources;  Preparing for the discussion. |

### 6.2. Methodological support for classroom and extracurricular self-study

Current control is carried out during the educational process and counseling students, based on the results of self-study.

The main forms of current knowledge control are:

• discussion of topics and control questions put forward in the seminar plans;

• solving practical tasks, and discussing them in terms of the ability to formulate conclusions, make recommendations and make adequate decisions;

• performance of control tasks and discussion of results;

• participation in the discussion on problematic topics of the subject and assessment of the research quality;

• Performance of a number of tasks for self-study.

• When preparing for practical exercises, you should watch the video course of the Bloomberg “Bloomberg market concept - BMC” and solve test tasks. After completing the course, you will receive a certificate in the mail confirming the successful completion of BMC.

Examples of control tasks:

Using the Bloomberg Industry Classification System:

• List the financial sector subsectors

• Which subsector of the financial industry is best developed in the country specified by the teacher?

• What set of indicators is used in aggregate statistics on the financial industry?

• List the exchanges of the country suggested by the teacher.

• What instruments does the exchange suggested by the teacher trade?

• Select bullet bonds with a fixed coupon of a given country.

• Select puttable bonds with a fixed coupon of a given country.

• Select fixed coupon, sinkable bonds of a given country.

• Select bullet bonds with a floating coupon of a given country.

• Select discount bonds of a given country.

• Compare the yield curves of two given countries; analyze the economic situation of these countries.

• Compare yield curves for two dates for a given country; perform the analysis of the yield curve.

• Use the syndicated loan monitor to find syndicated loans that meet certain criteria.

• Choose a loan using the loan search function; describe the details of the loan.

• For the selected bond, create a list of holders by investment volume.

• Find all quotes of two given bonds; compare their liquidity indicators.

• Assess credit default swaps of the selected company.

• Conduct a yield analysis of the selected bond.

• Build a table of foreign exchange reserves of the specified countries.

• How many units of a given currency can be bought for 100 Japanese yen using the Bloomberg currency matrix?

• How does the increase in interest rates by the Central Bank affect the currency of a given country? Illustrate on the graph.

• How do investors counter currency risk? Give examples using the Bloomberg function.

• Analyze the ratio of spot and forward exchange rates, as well as interest rates, to determine the arbitrage opportunities for one or more currencies using the specific Bloomberg function

• Ways to search for securities / stocks / companies / funds by ticker, according to specified criteria. Export received information into Excel.

• Work with aggregated brokerage forecasts of chosen stocks.

• Create a portfolio, load it from Excel or a text file with the installation of the specified parameters (asset class, portfolio currency, position type, cash setting, etc.), monitore the loading process and eliminating errors

• Conduct stress testing of a given portfolio to determine the level of influence: best / worst scenarios and analysis of position indicators in a given (stock, fixed income or balanced) portfolio

**Typical Creative homework**

An important part of training in this subject is homework. It consists of preparing a presentation as the result of a small research work with the formulation of a hypothesis on the urgent topic of international finance, its proof using the Bloomberg functions studied at the seminars. The student chooses the research of news-based topics and analytical articles of mentioned above i /a system.

The goal is to develop the skills of searching for information in modern information-analytical systems, processing professional sources in foreign languages ​​and the ability to highlight the main thing in a large information array. The maximum presentation volume is up to 15 slides. Indication of sources is mandatory.

## 7. Interim assessment fund for the subject

### 7.1. The list of competencies with their formation stages in the process of mastering the educational program

The list of competencies formed in the process of mastering the subject is contained in section 2.

The list of planned learning outcomes in the subject is correlating with the planned learning outcomes of the educational program.

Table 4

|  |  |
| --- | --- |
| **Competency** | **Typical tasks** |
| **Additional focus competencies-3 /AFC-3 (ДКН-3)**  The ability to apply modern mathematical tools for managing financial flows of business entities, risk management to assess the prospects of international banking and financial activities and justify their activity boundaries. | **Task 1.** Using the money market screen of the corresponding Bloomberg function (MSCH), find the different types of money market securities:  a) Promissory notes  b) Bank acceptances  c) negotiable certificates of deposit.  **Task 2.** Use the appropriate Bloomberg CENB function and, through the search for central banks, make a comparison of ECB vs. CBR Use the following metrics:  a) Open market operations,  b) Reserve requirements,  Then, having opened the corresponding function for the European Union and Russia (ECST), compare:  a) Bank balances  b) International reserves,  c) Reserves and liquidity,  d) Money supply,  Monetary base.  **Task 3.** Using the appropriate Bloomberg LTOP function, identify the most active underwriters for the stock market, related securities, fixed-income securities, syndicated loans. Using the function screen, write down the most active underwriters for a given period (last year), for a given country (stocks and securities with fixed income). Write down the details of a single transaction for each asset class.  **Task 4.** Considering the formula  GDP = P + Inv. + GP + {X - M)  [GDP = C + I + G + {X — M)]  ■ P / C is personal consumption (such as food).  ■ Inv./I - private investment.  ■ GP / G - government consumption.  ■ X - export,  ■ M - import,  Make a reasonable conclusion:  The country is experiencing a boom in the consumption of domestic and imported luxury goods. Over the year, the growth of the dollar in imports exceeds its growth in the consumption of domestic goods. Other things being equal, what can be said about the growth or fall of the country's GDP?  **Task 5.** What investment consequences does the increase of interest rates by the Central Bank of the country entail?  a) for government securities;  b) for the national currency?  **Task 6.** Using the index method for analyzing historical stock quotes, in one of the Bloomberg screens, create a balanced stock portfolio of seven stocks in a given country, taking its stock index for the benchmark. What does the positive / negative alpha coefficient mean?  **Task 7**. To understand the factors affecting the yield of government and corporate bonds and setting central bank rates, select the appropriate function — the search for yield curves and the function that graphically displays and analyzes the selected yield curves, giving a visual representation of the cost of borrowing.  1) What does the X axis show?  2) What does the Y axis show?  What does the whole graph show?  **Task 8.** Select the yield curve for government bonds of a given country and use the Bloomberg function to plot its graph.  a. What is the slope of the yield curve?  b. What is the pattern in comparing the yields of shorter bonds and longer ones?  c. What are three reasons for the high cost of long-term debt for borrowers?  d. Compare the yield curve of the current day and a month ago using the corresponding functional tab.  What conclusion can be made about the economy state of given country month ago and now along the line of the yield curve? |
| **General Professional Competencies-1 /GPC-1 (ПКН-1)** The ability to identify problems and trends in the modern economy in solving professional problems. | **Task 1.** Use Bloomberg (MA) function, Choose investments among the types of transactions, in the Overview tab:  a) Select the target region (Russia).  b) Choose the target industry: financial.  c) See which financial sub-sectors got the inflow.  d) Select the sub-sectors in which the investment was made.  e) Using the function cell “Advanced search », extend the period of transaction analysis.  f) Present the investment result in the form of a table and a graph in Excel (place the cursor on the corresponding line in Bloomberg and copy), display the value of transactions, the number of transactions on the graph.  g) Make the list of the deals.  h) Find what institutional intermediaries are the Financial consultant in this market.  i) Analyze  - the prevalence of Russian / foreign buyers / sellers.  -The fall / increase in investor interest in fin. sector for the analyzed period.  **Task 2.** Using the appropriate Bloomberg function,  I. Select all exchanges of the selected country or region.  II. Select a financial company (stock exchange) using the EPRX function, write out a list of traded securities.  III. Carry out its comparative analysis with peers using the RV benchmark function.  View tabs:  but. Tab “Company reports”, sub tab “Balance sheet”  b. Company Reporting Tabs, Sub-Tab, and Profitability Tabs  3. Use the GF function to graphically compare results (for three industry-specific indicators, debt-to-assets, debt-to-equity ratio).  **Task 3.**In the Bloomberg TV menu, find information about the recent economic forum, select its financial component and find interviews, speeches, news, etc. from it on a given topic. Using Bloomberg’s qualitative and quantitative analytics features, gather material and give a brief overview of the topic.  **Task 4.** Select one of the Bloomberg news features, open the news list under the heading “Financial analytics” and select the three most frequently mentioned topics. Open three articles for each of them and give them a brief overview.  **Task 5.** Define several ETFs using the corresponding Bloomberg function, in the Funds tab, click the ETFs tab or select ETFs on the Type tab; select focus (e.g. stocks, real estate or all) and currency (e.g. US dollars). Explore one of the ETFs using the features on the fund menu screen. Add description functions, analysis of peer funds, fund funds, and graphical price analytics.  **Task 6.** Using the appropriate Bloomberg function,  a. Examine the risk premium for stocks of interest.  b. Use the function that shows the rates on government bonds of different countries to find the current rate on 10-year government bonds used as an estimate of the risk-free rate.  c. determine the equilibrium return on your stock, taking into account the stock risk premium and risk-free rate.  **Task 7.** Using the corresponding Bloomberg function, compare the yield dynamics of 10-year US government bonds with the yield dynamics of the American investment grade bond index for the period from August 3, 2004 to August 8, 2014. Explain the increase in the yield spread in the period 01.08.2008-01.07.2009.  **Task 8.** How do government yield curves underlie borrowing costs for companies? Show this interrelation on an example using the appropriate Bloomberg graphical analysis function.  **Task 9.** Using the Bloomberg mergers and acquisitions function, in its advanced search, select by criteria:  a. In the transaction description tab, select country: Russia,  b. In the tab- status of the transaction: is completed,  c. In the tab period : choose custom start date and finish date,  d. In the tab the transaction type: venture capital.  e. Select statistics on Russian venture transactions.  f. Describe the nature of the transaction: financial or strategic.  Evaluate the effectiveness of the transaction. |
| **General Professional Competencies-3 /GPC-3 (ПКН-3)** The ability to apply innovative technologies, methods of system analysis and modeling of economic processes in the formulation and solution of economic problems | **Task 1.** To obtain data on the work and products of the specified exchange of a given country, go to its official website. Find the required information: news, platform, quotation, on technological services, risk management, market-making, etc., download the necessary statistics to Excel.  **Task 2.** Register in the information-analytical system Bloomberg. Master navigation on the screen, search for information by keyword, find a database of system objects, a menu of basic functions, and user assistance tools.  **Task 3.** Find news on the specified keyword in the Bloomberg terminal news portal:  a) concerning a specific date;  b) related to a specific country;  c) associated with a specific financial intermediary  d) concerning a regional or international financial organization.  **Task 4.** For the selected function in the Bloomberg terminal, master the search for its description, main bookmarks, examples of work and a glossary of the terminology used.  **Task 5.** Using the appropriate Bloomberg functions, do your own analysis of the data obtained in the previous task, confirm or challenge the data obtained earlier. Complete the results, adhering to the following rules:  a. Study title,  b. purpose of the study,  c. research methods  d. graphical analysis of statistical data,  Write a reasoned conclusion.  **Task 6.** Get familiar with the navigation on the screen of the Bloomberg information system: a database and functions, a system for searching and downloading information, and organizing user assistance.  **Task 7.** Get familiar with the navigation on the screen of the Thomson Reuters information system: a database and functions, a system for searching and downloading information, and organizing user assistance.  **Task 8.** Get familiar with the navigation on the screen:  a. The official website of the Bank for International Settlements: www.bis.org. Unload qualitative and quantitative analytics on a given topic.  b. The official website of the World Federation of Exchanges: www.world-exchanges.org. Find and download information on regulatory issues from a report published on June 4, 2019 or another specified period.  c. The official site of the International Monetary Fund: www.imf.org. Unload information from a given regional economic report.  **Task 9.** Get familiar with the navigation on the screen:  a. The official website of the Organization for Economic Co-operation and Development: www.oecd.org. Upload statistical information on a given topic.  b. The official website of the World Bank is www.worldbank.org. Upload statistical information on a given topic. |
| **General Professional Competencies-5 /GPC-5 (ПКН-5)** Ability to manage economic risks, investments, financial flows based on the integration of knowledge from related fields, bear responsibility for organizational and managerial decisions | **Task 1.** Compose portfolios of aggressive and conservative growth by using the function of selecting stocks of companies according to criteria and the function of analyzing the Bloomberg portfolio,. Show on the graph the components of their income. Conduct a SWOP - analysis of each type of investment. Estimate the levels of capital gains and investment risk.  **Task 2.** Create a portfolio of promotional type with use of the function of selecting stocks of companies according to criteria and the function of analyzing a Bloomberg portfolio.  a) Test it for sensitivity to external shocks.  b) Make your own scenario of external shock and examine the sensitivity of your portfolio to it.  **Task 3.** Evaluate the profitability of your chosen fund using the tabs “Performance” and “Characteristics” on the screen of the corresponding portfolio analysis function.  Using the Beta regression or analysis function, determine the relationship between the fund and the benchmark stock index, its systematic risk (R2), and unsystematic risk.  **Task 4.** Use the Bloomberg cross-border mergers and acquisitions function, in its Overview tab page  a) Select the target region (Russia).  b) Choose the target industry: financial.  c) See which financial sub-sectors the infusion has been made into.  d) Select the sub-sectors in which the investment was made.  e) Using the function cell “Advanced search», extend the period of transaction analysis.  f) Present the investment result in the form of a table and a graph in Excel (place the cursor on the corresponding line in Bloomberg and copy), display the value of transactions and the number of transactions on the graph.  g) List the deals.  h) Find out financial institutional intermediaries of deal in this market.  i) Analyze the prevalence of Russian / foreign buyers / sellers.  ii) Analyze the fall / increase in investor interest in financial sector for the analyzed period.  **Task 5.** Use the Bloomberg world debt map function in the World Debt by Industries tab:  a. Determine the place of the financial sector by the amount in circulation.  b. Determine the place of the financial sector by the number of issuers.  c. Determine the place of the financial sector by the average coupon.  d. Determine the place of the financial sector by the average life of the instrument.  Make a reasonable conclusion.  **Task 6.** Use the Bloomberg mergers and acquisitions function, in its advanced search. Select by criteria:  a. In the transaction description tab, select search criteria: country Russia,  b. In the tab, the status of the transaction: is completed,  c. In the period tab: at choice,  d. In the tab, the transaction type: is venture capital.  e. Select statistics on Russian venture transactions.  Describe the nature of the transaction: financial or strategic.  Evaluate the effectiveness of the transaction.  **Task 7.** Using the Bloomberg mergers and acquisitions function, in its advanced search, conduct:  a. Search for financial ratings of transactions;  b. Searches for completed transactions for a given type;  c. Create rating tables - financial intermediation in transactions;  d. Create rating tables - legal support of transactions;  e. Searches for transactions in a given region;  f. Search for types of transactions;  g. Make a list of the most effective financial advisers;  h. List of private equity investments;  Using the features of the Bloomberg media block, find coverage of your investment in news, interviews and analytics. |
| **Managerial competencies-5 /MC-5 (УК-5)**  The ability to lead the work of the team, to make organizational and managerial decisions to achieve the assigned goal, to bear responsibility for them | **Task 1.** Divide your group into teams and give each of them a task to test in practice, using the appropriate Bloomberg function, the statement that in the open financial market in the conditions of normal inflation it is established:  • Direct link between bonds and stocks. Bonds, as a rule, change direction before the action.  • Reverse link between interest rates and stocks.  • Reverse link between goods and bonds.  • A direct link between goods and interest rates. Goods usually change direction after stock.  • Reverse link between the US dollar and goods.  Build and summarize dependency graphs and draw the appropriate conclusions.  **Task 2.** Divide your group into teams and give each of them a task to test in practice, using the appropriate Bloomberg function, the assertion that the process of transferring money from stocks to bonds is launched in the open financial market in the face of the threat of inflation. As interest rates rise, bond prices fall and their yields increase. This destroys the link between stocks and bonds. In a deflationary environment, stocks and bonds are inversely related, that is, when stocks rise, bonds fall, and vice versa.  The main intermarket relations in a deflationary environment:  • Feedback between bonds and stocks.  • A direct link between interest rates and stocks.  • feedback between goods and bonds.  • A direct link between goods and interest rates.  • Direct connection between stocks and goods.  • Feedback between the US dollar and goods.  Deflation is negative for stocks and commodities, but positive for bonds. Rising bond prices and lower interest rates increase the threat of deflation and put pressure on stocks. Conversely, lower bond prices and higher interest rates reduce the threat of deflation and have a positive effect on stocks.  Build and summarize the dependency graphs and draw the appropriate conclusions.  **Task 3.** Divide your group into teams and give each of them a task, using the news content, the corresponding functions of macroeconomic statistics of Bloomberg and the description of the stages of the economic cycle given below, to choose the investment tactics suitable for the time period specified for your country.  Stage 1. Recession in the economy -> bond growth.  Weakness of the economy -> soft monetary policy, lower interest rates -> bond growth.  Stage 2. The "bottom" in the economy and the stock market.   Economic conditions are no longer deteriorating, but the economy is not yet at a growth stage.  Stage 3. Significant improvement in business activity -> stocks begin to grow, goods (raw materials) begin to grow.  This is an expectation of rising demand.  Stage 4. Period of full growth -> Growth of stocks and goods. Bonds are starting to fall.   Along with the growth of stocks and goods, inflation expectations are also rising -> the expectation of rising interest rates (to fight inflation).  Stage 5. The peak of economic growth -> Stocks are waiting for the recession phase. Goods remain strong and are at their peak after the warehouse.  Although growth continues, the economy is growing at a slower pace due to higher interest rates and commodity prices.  Stage 6. Stocks fall, goods begin to decline in conditions of weakening economy.  The business cycle is preparing for the transition from the growth phase to the recession phase, this is the expectation of a drop in demand.  **Task 4.** Compare several stocks that you recommended to buy with the recommendation for these stocks found on the screens of the functions for evaluating future company profits and recommendations of analysts.  **Task 5.** What happens when companies take out loans and start large projects? Show this with an example, using the corresponding Bloomberg graphical analysis function and a function that works with a list of national accounts of countries and geoeconomic associations. |

### 7.2. Examples of control tasks

1. Information at Bloomberg about corporate actions such as mergers, acquisitions and other investment offers is available in the CACS Corporate Actions function. Choose the company you are interested in, according to your information, is actively involved in acquisitions and asset sales, use CACS to get familiar with its activities in this field.
2. Compare aggregate statistics from the insurance industry of emerging markets in Asia and Eastern Europe. What is the difference between total revenue and industry revenue? Which companies in the region are more diversified and why? Make an informed decision on the regional investment attractiveness of the industry (top-down analysis of industries).
3. Solve the problem: bond denomination - 1000 rubles. Market price - 1066, 24 rubles, coupon rate - 10% (semi-annual payments), tenor = 2 years, yield = 10%, find duration.
4. Compare the activity of the two banks according to the criteria of the Basel coefficients. Draw a conclusion. What Bloomberg function gives us these statistics? On what date are the requirements of Basel III binding in Russia?

Interim control is carried out in the form of an exam. The examination is conducted in writing form and includes two theoretical questions and a practical task. Moreover, the assessment of students' knowledge is carried out in aggregated scores, taking into account:

• assessments based on the results of current control;

• assessment of the final knowledge according to the results of the test.

The distribution of maximum scores by type of certification is presented in the table.

|  |  |  |
| --- | --- | --- |
| № b/o | Assessment type | Maximum scores |
| 1 | Assessment based on the results of current control | 40 |
| 2 | Exam | 60 |

Assessment of knowledge on a 100-scores scale in accordance with a point-rating system for assessing students' knowledge adopted at the Financial University:

* up to 49 points - unsatisfactory
* 50-69 - satisfactory
* 70-85 - good
* 86 or more – excellent

## 8. The list of basic and additional bibliography necessary for mastering the subject

Recommended sources

Primary:1. The international financial market: a textbook and workshop for undergraduate and graduate programs; Financial university; under the editorship of M.A. Eskindarova, E.A. Ringing. - Moscow: Yurayt, 2017. -- 453 p. + Circulation not specified. - (Bachelor and Master. Academic course). - ISBN 978-5-9916-8904-5.

2. Financial strategies for the modernization of the economy: world practice / Ya.M. Mirkin [etc]; RAS, Institute of World Economy and International Relations; under the editorship of Ya.M. Mirkin. - M.: Master, 2014. -- 496 p. - <EL Financial University>

3. International finance: a textbook for masters / RI Khasbulatov. - M.: Publishing house Yurayt, 2014. -- 567 p. - Series: Master.Additional:

4. Stock markets of the CIS countries: status and prospects of integration: Monography / Financial university; Edited by BB Rubtsov. M.: Rusience, 2015.190p.

## 9. The list of resources of the information and telecommunication network "Internet", necessary for mastering the subject:

1. Bloomberg Information and Analysis System

2. Thomson Reuters Information and Analysis System

3. www.bis.org - Bank for International Settlements site

4. www.world-exchanges.org - World Federation of Exchanges site

5. www.imf.org - site of International Monetary Fund

6. www.oecd.org - site of Organization for Economic Co-operation and Development

7. www.worldbank.org – The World Bank site

## 10. Guidelines for students in studying of the subject "International Finance"

The purpose of methodological recommendations for students is to ensure the optimal organization of the process of studying the subject and performing various forms of independent work.

**Methodological recommendations for the study of subject**

The study of the subject "International Finance" must begin with a preliminary familiarization with the work program for the subject. First of all, it is necessary to familiarize yourself with the contents of the work program of the subject, with the goals and objectives formulated in this subject, its relations with other subjects of the educational program, the methodological developments in this subject available on the educational portal and website of the Department, and the schedule of consultations of teachers of the Department.

**Recommendations for preparing for lectures (theoretical course)**

Studying the subject “International Finance” requires a systematic and consistent accumulation of knowledge, therefore, omissions of individual topics violate the sequence of perception of the content of subsequent topics of the subject, which does not allow you to deeply master the subject. Students need:

Before the lecture, review the work program of the subject, which will save time on writing down the topic of the lecture, its main questions, and recommended literature;

For individual lectures, it is necessary to bring the appropriate material on paper, submitted by the lecturer on the portal or sent to the "electronic mailbox of the group" (tables, charts, diagrams). This material directly at the lecture will be supplemented and commented by the teacher, the most problematic issues requiring additional attention and clarification are noted;

Before the next lecture, it is necessary to review the compendium of the previous lecture, since the study of the subsequent topics of the subject "International Finance" is based on the knowledge gained on the previously discussed topics. If you have difficulty in perceiving the material, you should turn to the main textbook on this subject or directly to the regulatory documents that are indicated by the lecturer on the topic under study.

**Recommendations for preparing for practical (seminar) classes:**

Students should:

a) in preparation for the seminar, it is necessary first of all to refer to the basic and additional literature recommended by the program and the teacher of the course, as well as to statistical sources of information on the corresponding segment of the financial market or country;

b) at the beginning of the class, ask the teacher questions about the material, which caused difficulties in understanding and mastering it when solving problems assigned for independent solution;

c) during the seminar, give concrete, clear answers on the substance of the questions;

d) in the classroom, bring each task to a final solution, demonstrate understanding of the calculations (analyzes, situations), and in case of difficulty contact the teacher.

**Guidelines for the implementation of various forms of independent homework**

Independent work of students includes the implementation of various kinds of tasks that are focused on a deeper assimilation of the material of the studied subject. For each topic of the subject, students are offered a list of tasks for independent work.

The following requirements are imposed on the fulfillment of tasks for independent work: tasks must be performed independently and submitted on time, as well as meet established design requirements.

Undergraduates should:

• be guided by the schedule of independent work determined by the RPD;

• fulfill all planned tasks issued by the teacher for independent fulfillment, and sort out unclear issues at seminars and consultations;

• use in preparation the regulatory documents of the Financial University, namely, the provisions on homework, approved by order No. 611 / о of April 1, 2014, the provisions on settlement and analytical work, approved by order No. 2161/0 of December 19, 2013 (see The website of the Financial University: on the main page, the section “Our University”; hereinafter “The Unified Legal Base of the Financial University”; subsection “Methodical Work” - “Orders of the Financial University”), use the methodological recommendations of the department;

• in preparation for the exam / test, simultaneously work out the relevant theoretical and practical sections of the subject, fixing obscure points for discussion at a planned consultation.

**Guidelines for preparing for the discussion**

**Goals and objectives of the discussion as an interactive teaching method**

The educational process, actively using interactive teaching methods, is organized taking into account the inclusion in the research process and the knowledge of all students in the group. At the same time, joint collective activity means that everyone makes his own individual individual contribution, during the course of work and discussion there is an exchange of ideas, knowledge, methods of activity. Interactive methods are based on the principles of student activity, interaction, the use of group experience and mandatory feedback. The created communication environment is characterized by the interaction of participants, openness, equality of arguments, the accumulation of joint knowledge, the possibility of mutual control and evaluation.

Interactive - means to interact, be in dialogue, conversation. The main thing is that interactive methods, unlike active ones, are focused on a wider interaction of students not only with the teacher, but also with each other and the dominance of student activity in the learning process. The teacher’s place in such classes is reduced to the direction of students' activities to achieve the objectives of the lesson.

The purpose of the discussion as a method of an interactive teaching method is to create comfortable learning conditions in which a student or listener feels his intellectual viability, his success. This is what makes the learning process productive, provides knowledge and skills, creates the basis for working on problem solving after training is over.

Discussion, as one of the methods of interactivity, is a focused discussion of a specific issue, which is accompanied by the exchange of ideas, opinions, thoughts between students of the group.

Principles of working in an interactive lesson in the form of a discussion:

* Each participant in the discussion on any issue has the right to his own opinion.
* Lack of direct criticism of the personality, only an idea can be criticized.
* Everything that is discussed and said during the discussion is not a guide to action, but information for reflection.

## 11. The list of information technologies used in the implementation of the educational process in the subject, including a list of the necessary software and information reference systems

### 11. 1. Licensed software package:

1. Windows, MicrosoftOffice.

2. Антивирус ESETEndpointSecurity

3. доступ к информационно-аналитической системе Bloomberg.

### 11.2. Modern professional databases and information reference systems

1. Information and legal system "Guarantor"

2. Information and legal system "Consultant Plus"

3. Electronic Encyclopedia: http://ru.wikipedia.org/wiki/Wiki

4. The system of integrated information disclosure "SKRIN" -http: //www.skrin.ru/

     5. The system of information and analytical agency "Bloomberg";

     6. Free open source software for programming language R “RStudio”;

    7. Software package for statistical analysis "Statistica";

    8. Applied software package for econometric modeling "Gretl";

    9. The modeling environment "MatLab".

### 11.3. Certified software and hardware information security

Not provided.

## 12. Description of the material and technical base necessary for the implementation of the educational process in the subject

For the implementation of the educational process in the subject, the audience must have audiovisual equipment, terminals of the Bloomberg information and analytical system.