

POSTGRADUATE Syllabus	EXECUTIVE PROGRAMME IN INTERNATIONAL FINANCE
Course	EMERGING MARKETS FINANCE
Course credit (ECTS):	3
Instructor:	Professor Phd. Miguel González Sardinero
Semester	2nd
Office hours:	22,5 class hours = 52,5 Office hours
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1.- COURSE DESCRIPTION, AIMS AND OBJECTIVES:

The goal of the course is to prepare our future executives generations to be successful when doing business in emerging markets and have a good understanding of the risks they are incurring alike Emerging economies have experimented tremendous growth in the last decades and they represent a big part of the current world GDP and even bigger piece of its present and future growth. But the risks of investing in these economies are not only substantial but also different from those present in developed economies. In this course, we introduce a set of tools and models that intend to help future financial managers to make better investment decisions in emerging markets. We will analyze in depth what makes an emerging market an attractive investment opportunity and what instruments we hold to limit our exposure to the risks inherent to these markets. The course content will cover both the theoretical and practical sides of the emerging market story. We will review all the necessary macroeconomic concepts as well as financial instruments to help us as a auxiliary background and we will tackle the practical side through cases, economic and market oriented reports, articles and homework exercises.

2.-ASSESSMENT:

Attendance and Class Participation:	10% of the total mark
Assignments:	They will count 40% of the total mark. <ul style="list-style-type: none"> – Emerging market country presentation. (10%) – Investment opportunity in an Emerging Market (10%) – Asian Financial Crisis class discusion (10%) – Bloomberg exercise (10%)
Final Examination (Regular test):	50% of the total mark
Restrictions:	To calculate the weighted average for the final grade, both for regular and resit examination, a student must obtain at least a 5 (out of 10) on the final examination. A student with an overall grade of less than 5 on the exam will be considered to have failed.

Final Examination (Resit):

For the extraordinary examination (Resit), the most favorable of the following two criteria will be applied to determine the student's final grade:

- The continuous evaluation (Class participation, assignments...) grade obtained during the course will be combined with the extraordinary exam grade with the weight that was established for continuous evaluation as defined in the course syllabus. The rest of the grade will come from the grade obtained on the final exam (extraordinary exam).
- The grade obtained on the regular final exam will be combined with the extraordinary exam. The weight of the regular final exam grade will be the weight that was established for continuous evaluation as defined in the course syllabus. The rest of the grade will come from the grade obtained on the final exam (extraordinary exam).

COURSE SCHEDULE		
SESSION	Topic	Learning materials, recommended readings, case studies, and assignments.
1	<p>INTRODUCTION TO EMERGING MARKETS</p> <p>Course overview: Explanation of class dynamics, such as scoring system, pupils' participation and teams' interaction Setting of course expectations. Analysis and breakdown of the program.</p> <p>Concept of Emerging Markets together with different approaches to its meaning. We will provide abundant data to make the concept more understandable and we will adopt an historical overview to bring us smoothly to the present situation of EM.</p>	<p>“Macroeconomic in Emerging Markets”, Part I. Peter J. Montiel, Second Edition, 2011</p> <p>“Global Finance in Emerging Markets Economies”, Part I. Todd A. Knoop, 2013.</p>
2	<p>SPECIFIC CASES IN EMERGING MARKETS</p> <p>Continuing with class nº 1, we will review most of the relevant cases in Emerging Markets following both an economical and a geographical region approach. Data and statistics will bring us to a comprehensive present situation for each of the Emerging Economies.</p>	<p>“Global Finance in Emerging Markets Economies”, Part IV. Todd A. Knoop, 2013.</p> <p>“Emerging Market Finance”, class II in CUNEF course 2015/16, Víctor Abad</p>
3	<p>OPPORTUNITIES IN EMERGING MARKETS</p> <p>We will follow a value method to motivate why Emerging Markets are of particular interest as an investment opportunity. We will cover these topics on companies across different sectors and all illustrated with many examples that have occurred over time.</p>	<p>“Building a presence in today's growth markets”, PwC, 2010</p>

4	<p>RISKS IN EMERGING MARKETS</p> <p>The goal of this class is to set up a comprehensive outline of all risks affecting a business and to translate those into the world of Emerging Markets. We will provide very specific tools and ideas to navigate throughout all our businesses in an Emerging Market</p>	<p>“The Asian Financial Crisis: Causes, Cures and Systemic Implications”, Morris Goldstein, Institute for International Economics, 1998</p>
5	<p>FINANCIAL SYSTEM IN EMERGING ECONOMIES</p> <p>We will give an overview of some crucial themes like Central Bank trajectory, Monetary Policy and monetary transmission mechanism in Emerging Markets. The local banking sector and the role of the global banking system will be detailed as well. Concepts like public sector task in Emerging Markets, economy indebtedness and debt sustainability will be discussed as well</p>	<p>“Macroeconomics in Emerging Markets”, part VI, Peter J. Montiel, Second Edition, 2011 “Banking System in Emerging Markets”, BIS, paper 04, 2011 “Global Finance in Emerging Markets Economies”, Part II. Todd A. Knoop, 2013.</p>
6	<p>FINANCIAL MARKETS IN EMERGING ECONOMIES I</p> <p>Liaising with previous class we will study in depth the Interest Rates and Foreign Exchange (FX) markets in an emerging economy. Description of all products in detail will be provided with special attention to those typically appearing in Emerging Markets.</p>	<p>“Global Finance in Emerging Markets Economies”, Part III. Todd A. Knoop, 2013. “Options, Futures and Other Derivatives”, John C. Hull, 2009</p>
7	<p>FINANCIAL MARKETS IN EMERGING ECONOMIES II</p> <p>Once we have set up the rates and FX markets, we will describe the Capital Markets in an emerging economy with all necessary ingredients: Primary and Secondary market, Local and Global Bonds, Credit Default swaps, Credit ratings. Senior, Subordinate and Tier 1 Debt and their role in Emerging Markets.</p>	<p>“Macroeconomic in Emerging Markets”, Part III. Peter J. Montiel, Second Edition, 2011 “Options, Futures and Other Derivatives”, John C. Hull, 2009</p>

8	<p>FINANCIAL MARKETS IN EMERGING ECONOMIES III Equity Market description in a variety of Emerging Economies. We will review all the related interesting topics like IPOs, M&A, buybacks, and Dividend policies. What does the equity market have as a differential in an emerging economy?</p>	<p>“Coming to America: IPOs from Emerging Markets Issuers”, Emerging Markets Review, Science Direct,2006.</p> <p>“Options, Futures and Other Derivatives”, John C. Hull, 2009</p>
9	<p>INFRASTRUCTURE IN EMERGING MARKETS. STRUCTURED FINANCE.PROJECT FINANCE A business opportunity approach with study and review all the necessary concepts like Structured Finance in General, Syndicated Loans, Project Finance, Sponsors, Multilaterals, ECAs and all particularly review in the context of Emerging Markets</p>	<p>“Emerging Market Finance”, classes XI and XII in CUNEF Course 2015/16, Víctor Abad</p>
10	<p>TRADE FINANCE AND CASH MANAGEMENT These particular products are gaining more and more importance as global trade grows and are particularly relevant in Emerging Markets</p>	<p>“Trade Finance: The landscape is changing. Are You?”, Accenture, 2015</p>
11	<p>MACROECONOMIC EVOLUTION AND DIFFERENT FOREIGN EXCHANGE REGIMES Our goal in this session is to illustrate using both theory and practical specific cases the path of foreign exchange rates, the role and stickiness of inflation, evolution of Central Bank Foreign Exchange Reserves and the central stage hard currency usually plays in emerging economies</p>	<p>“Economic Policies in Emerging Markets Economies”, Ricardo Caballero and Klaus Schimdt-Hebel (Papers of Central Bank of Chile), 2015.</p> <p>“Macroeconomic in Emerging Markets”, Part V. (Second Edition), Peter J. Montiel.</p>

12	<p>MONOGRAPHIC STUDY ABOUT CHINA History, transition to capitalism, demographics, economic resources, banking sector, Central Bank, education, economy evolution and opportunities.</p>	<p>“China Growth”, Xiadong Zhu, Journal of Financial Economics, 2012</p>
13	<p>ASSET ALLOCATION, GLOBAL DYNAMICS AND MARKET RESEARCH ABOUT EMERGING MARKETS We will review how Emerging Markets participate in Global Portfolios and we will go through all the necessary instruments like Global Indexes, market research and Asset Allocation tools to reach a good level of understanding about the Emerging market participation in the Global asset allocation of economic agents</p>	<p>“Global Rates, FX & EM 2017 Year Ahead; Tectonic Shifts”, Bank Of America Merrill Lynch, November 2016.</p>
14	<p>MARKET INFORMATION AND PRICES IN EMERGING MARKETS Bloomberg and Reuters general Functions and those specific to Emerging Markets. The role of brokers in emerging economies. Institutional information like provided by IMF, World Bank and OECD.</p>	<p>We will work to extract as much values as possible to the Bloomberg Terminal to get both macroeconomic and market data on Emerging Markets</p>
15	<p>SUMMARY OF THE COURSE Summary of main concepts and take-away. Address pending questions in preparation for the final case.</p>	

Required text and materials:	<ul style="list-style-type: none"> • <i>“Macroeconomics in Emerging Markets”</i>, Peter J. Montiel, Second edition, 2011 • <i>“Global Finance in Emerging Markets Economies”</i>. Todd A. Knoop, 2013 • <i>“The Asian Financial Crisis: Causes, Cures and Systemic Implications”</i>. Morris Goldstein. Institute for Financial Economics, 1998
Recommended Texts:	<ul style="list-style-type: none"> • <i>“Options, Futures and Other Derivatives”</i>, John C. Hull, 2009 • <i>“Economic Policies in Emerging Markets Economies”</i>. Ricardo J Caballero and Klaus Schimidt-Hebel. (Papers of Central Bank of Chile), 2015 • <i>“Macroeconomía”/“Macroeconomy”</i> Rudinger Dornbusch, 2006

COMPETENCIAS:

BÁSICAS Y GENERALES	<p>CB6- Poseer y comprender conocimientos que aporten una base u oportunidad de ser originales en el desarrollo y/o aplicación de ideas, a menudo en un contexto de investigación.</p> <p>CB7- Que los estudiantes sepan aplicar los conocimientos adquiridos y su capacidad de resolución de problemas en entornos nuevos o poco conocidos dentro de contextos más amplios (o multidisciplinares) relacionados con su área de estudio.</p> <p>CB8- Que los estudiantes sean capaces de integrar conocimientos y enfrentarse a la complejidad de formular juicios a partir de una información que, siendo incompleta o limitada, incluya reflexiones sobre las responsabilidades sociales y éticas vinculadas a la aplicación de sus conocimientos y juicios.</p> <p>CB9- Que los estudiantes sepan comunicar sus conclusiones y los conocimientos y razones últimas que las sustentan a públicos especializados de un modo claro y sin ambigüedades.</p> <p>CG1- Capacidad para resolver problemas en entornos nuevos o poco conocidos CG2- Capacidad de análisis, síntesis y de formulación de juicios a partir de la información disponible.</p> <p>GG3- Capacidad de organización, planificación y toma de decisiones.</p> <p>CG4- Capacidad de comunicación y trabajo en equipo.</p>
TRANSVERSALES	<p>CT1- Capacidad de búsqueda de información e investigación y de aprendizaje continuo</p> <p>CT2- Capacidad para trabajar en entornos de presión.</p> <p>CT3- Capacidad para aplicar los conocimientos a la práctica.</p> <p>CT4- Usar tecnologías de la información y las telecomunicaciones.</p> <p>CT5- Capacidad para ejercer el liderazgo y mantener un espíritu emprendedor.</p>

ESPECÍFICAS	CE9 Comprender y entender el funcionamiento de las operaciones de financiación de proyectos y actividades desde la perspectiva de las actividades empresariales internacionales. (Competencia específica de la especialidad de finanzas Internacionales).
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