

Valencia Semester Program - AIP
European Financial Markets
Spring

LANGUAGE OF INSTRUCTION: English

PRE-REQUISITE: Some general knowledge about Financial Economics.

DESCRIPTION: This course describes the European Financial Markets, their interdependence, and their relationships with other markets in the World Economy. At the end of the course, participants will be able to:

- Identify the main features of the Foreign Exchange Markets and Exchange Rate Regimes
- Identify the main facts of the creation of the European Monetary System and European Monetary Union
- Assess the importance of the factors influencing the euro/US dollar exchange rate
- Assess the impact of the Single European Act and the Common Market
- Identify the main European Financial Markets
- Assess opportunities and threats in European Financial Markets

TOPICS: Specific focus and topics of this course may vary from semester to semester.

Unit 1: Introduction: Interdependence of the World Economy

Unit 2: European Union and Monetary System

2.1 Foreign Exchange Markets and Exchange Rate Regimes

2.2 European Monetary System and European Monetary Union: From ECU to EURO

2.3 EURO vs. US dollar

Unit 3: The Single European Act and the Common Market

Unit 4: Main European Financial Markets:

4.1 Money Market: Domestic currencies and eurocurrencies

4.2 European Capital Markets: National Stock Exchanges, Euronext and iX

4.3 FX Derivatives: Options, Futures, and Commodities Markets

Unit 5: Opportunities and Threats in European Financial Markets

5.1 Global Capital Markets

5.2 The Enlargement of the European Union: Financial and Currency Crises in Emerging Markets

REFERENCES:

De Grauwe, P. (1994): "Teoria de la Integracion Monetaria." Celeste Ediciones.

Mascarenas, J., Cachon, J.E. (1997): "Activos y Mercados Financieros." Piramide. Madrid. 1ª edicion.

McDonald, F., Dearden, S. (1999): "European Economic Integration," Third Edition, Longman, Dorchester.

Rivera-Batiz, F.L. and Rivera-Batiz, L.A. (1994): "International Finance and Open Economy Macroeconomics." McMillan, NY.

Articles from Financial Times and other economic issues.

Issues from IVEX and ICEX, Camara de Comercio de Valencia, Industria y Navegacion de Valencia, European Commission.

Articles from websites: europa.eu.int, www.wto.org, www.oecd.org; internationalecon.com, www.bolsavalencia.es, www.euronext.com, www.imf.org, www.virt-x.com.

EVALUATION:

Students are expected to actively participate in class (20%). The exams will be related to the subjects covered in class during the semester. The first test will be worth 25% and the final exam will be worth 25% of the final grade. Students will submit essays related to the subjects covered in class during the semester. The teacher will then go through corrections of each essay and the completion of this work will contribute towards the final grade (30%). Class attendance is regarded as an obligation as well as a privilege, and all students are expected to attend regularly and punctually all classes in which they are enrolled. Three absences will decrease the final grade by 10% and three tardies will be considered as one absence.