

International finance

**ECTS** : 3

**Description du contenu de l'enseignement :**

The aim of this module is to provide a thorough foundation of the key concepts in international finance with a focus on exchange rate economics. The module begins with an overview of the institutional characteristics of the foreign exchange market and subsequently examines the fundamental determinants of exchange-rate dynamics. By the end of the course the students will be familiar with both the theoretical models and the empirical evidence regarding exchange-rate behaviour. Emphasis will be given to the implications of these outcomes for exchange rate forecasting, international diversification and investment decisions. Course outline

- Week 1: Foreign Exchange Market Structure
- Weeks 2 and 3: Foreign Exchange Market Efficiency
- Weeks 4 and 5: Real Exchange Rate and Purchasing Power Parity
- Week 6: Balance of Payments
- Weeks 7 and 8: Exchange Rate Determination

**Mode de contrôle des connaissances :**

Mid-term (30%) and final exam (70%).

**Bibliographie, lectures recommandées :**

General Bekaert, G. and R.J. Hodrick (2009). International Financial Management. New Jersey: Pearson Education. Sarno, L. and M.P. Taylor, (2005), The Economics of Exchange Rates, Cambridge University Press. Specific Week 1

- Bekaert and Hodrick, Ch. 2 & 3.
- King, M.R., Osler, C. and D. Rime (2012). Foreign Exchange Market Structure, Players and Evolution, in James, Marsh and Sarno (eds.), Handbook of Exchange Rates, Wiley.
- Foucault, T., Kozhan R. and W. Wah Tham (2017). Toxic Arbitrage Review of Financial Studies, 30, 1053-1094.

Weeks 2 and 3

- Bekaert and Hodrick, Ch. 6 & 7.
- Akram, Q.F., Rime, D., and L. Sarno (2008). Arbitrage in the Foreign Exchange Market: Turning on the Microscope, Journal of International Economics, 76, 237-253.

Weeks 4 and 5

- Bekaert and Hodrick, Ch. 8 & 9.
- Marsh, I., Passari, E., and L. Sarno (2012). Purchasing Power Parity in Tradable Goods, in James, J., L. Sarno and I.W. Marsh (eds.) Handbook of Exchange Rates, London: Wiley.

Week 6

- Bekaert and Hodrick, Ch. 4 & 5.
- Rey, H. (2013). Dilemma not Trilemma: The Global Financial Cycle and Monetary Policy Independence, Federal Reserve Bank of Kansas City Economic Policy Symposium.

Weeks 7 and 8

- Bekaert and Hodrick, Ch. 10.
- Mark N. C. (1995). Exchange Rates and Fundamentals: Evidence on Long-Horizon Predictability, The American Economic Review, 85, 201-218

**Document susceptible de mise à jour - 13/06/2026**

**Université Paris Dauphine - PSL - Place du Maréchal de Lattre de Tassigny - 75775 PARIS Cedex 16**