

ST. JOSEPH'S COLLEGE OF COMMERCE

(AUTONOMOUS)

NO. 163, BRIGADE ROAD, BANGALORE – 560 025

M.Com - IB Course (2016 – 2017)

LESSESION PLAN

FOREIGN EXCHANGE MANAGEMENT

III SEMESTER

Module Number	Session No	Topic	Pre- class activity	Pedagogy (in class)	Out of class assignment
1	1	The foreign exchange market structure and organization,		Lecture & Interaction	Collection of news paper cuttings in relation to forex management
o	2	Exchange rate determination and forecasting	refer 1. www.NSEINDIA.com/ and 2. www.BSEINDIA.COM , 3. WWW.bloomberg.com http://www.xe.com/	Lecture & Interaction	Preparation of Glossary in Relation to Forex Management
	3	setting the equilibrium spot exchange rate,	http://www.icicibank.com/online-services/forex/index.page	Lecture & Interaction, Doing illustrations	Assignments
	4	Theories of exchange rate determination (Purchasing power parity theory		Lecture & Interaction Doing illustrations	Assignments
	5	balance of payments theory, Fisher effect)		Lecture & Interaction Doing illustrations	Assignments
2	6	Mechanics of currency trading -types of transactions and settlement dates- exchange rate		Lecture & Interaction Doing illustrations	Assignments

		quotations,			
	7	Arbitrage - with & without transaction costs- swaps and deposit markets	http://www.xe.com/	Lecture & Interaction Doing illustrations	
	8	option forwards- forward swaps & swap positions,		Lecture & Interaction	
	9	Interest rate parity theory (Covered Interest Arbitrage), Exchange rate forecasting,	4. CCL.COM/markets/currencie s/ rates flashed on the website	Lecture & Interaction Doing illustrations	Assignments
	10	Currency & Interest rate futures - Future Contracts, Markets & trading process,	http://www.xe.com/ http://www.bloomberg.com/asia	Lecture & Interaction	
	11	future prices spot & forward, Hedging & speculation with currency futures	http://www.bloomberg.com/asia	Lecture & Interaction Doing illustrations	Assignments
	12	interest rate futures- foreign currency options-option pricing models,	http://www.bloomberg.com/asia	Lecture & Interaction	
	13	hedging with currency options, Futures	http://www.bloomberg.com/asia	Lecture & Interaction Doing illustrations	Assignments

		Options – Innovations			
	14	Foreign Exchange risk management- hedging, speculation, Management of transaction exposure	http://www.bloomberg.com/asia	Lecture & Interaction	
	15	using forward markets for hedging, hedging with money market, currency options and currency futures,	http://www.bloomberg.com/asia	Lecture & Interaction Doing illustrations	Assignments
	16	Internal Hedging strategies- speculation in foreign exchange & money markets.	http://www.xe.com/ http://www.bloomberg.com/asia	Lecture & Interaction	
	17	Management of Interest rate exposure- nature & measurement, Forward rate agreements (FRAs),	http://www.bloomberg.com/asia	Lecture & Interaction	
	18	Interest rate options, caps, floors and collars, cap & floors,	http://www.bloomberg.com/asia	Lecture & Interaction Doing illustrations	Assignments
	19	Options on interest rate futures,		Lecture & Interaction	
	20	some recent innovations-	http://www.xe.com/ http://www.bloomberg.com/	Lecture & Interaction	Assignments

		financial swaps	asia		
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Text Books

1. Donald E.Fischer& Ronald J.Jordan, Security Analysis & Portfolio Management, PHI Learning / Pearson Education., New Delhi, 6th edition, 2008.
2. Prasannachandra, Investment analysis and Portfolio Management, Tata McGraw Hill, 2008..

Reference Books

1. Reilly & Brown, Investment Analysis and Portfolio Management, Cengage Learning, 8th edition, 2008.
2. S. Kevin , Securities Analysis and Portfolio Management , PHI Learning , 2008.
3. Bodi, Kane, Markus, Mohanty, Investments, 6th edition, Tata McGraw Hill, 2007.
4. V.A.Avadhan, Securities Analysis and Portfolio Management, Himalaya Publishing House, 2008.
5. V.K.Bhalla, Investment Management, S.Chand& Company Ltd., 2008.