



## DEPARTMENT OF ECONOMICS

### **NEK104 Principles of International and Financial Economics, 10 credits**

Grundläggande internationell och finansiell ekonomi, 10 högskolepoäng

*First Cycle*

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#### **Confirmation**

This course syllabus was confirmed by Department of Economics on 2019-08-07 to be valid from 2020-01-20, spring semester of 2020.

*Field of education:* Social Sciences 100%

*Department:* Department of Economics

#### **Position in the educational system**

This is a 10.0 credit single subject basic course in economics, offered at the first-cycle level.

The course can be part of the following programmes: 1) Program in Environmental Social Science (S1SML), 2) European Studies Program (S1EUR), 3) Program in Environmental Social Science (S1SMI) and 4) Program in Political Science (S1STV)

#### *Main field of studies*

Economics

#### *Specialization*

G1N, First cycle, has only upper-secondary level entry requirements

#### **Entry requirements**

General entrance requirements for university studies and the Swedish upper secondary courses English B, Mathematics C, Civics A or English 6, Mathematics 3b/3c, Civics 1b/1a1-1a2 or equivalent.

#### **Learning outcomes**

After completion of the course, the student shall be able to:

1. explain the functions of financial markets, the foreign exchange market and the financial institutions in a market economy.

2. explain how the interest rate level is determined and how it affects the exchange rate.
3. explain the reason for interest rate differences that may sometimes occur between different financial instruments.
4. calculate and analyse the return on and risk on financial instruments.
5. explain how financial derivatives are used for risk management.
6. describe and evaluate the relevance of different trade theories.

How overall learning goals of the bachelor's degree are related to the learning outcomes of the course:

Overall learning goals	Learning outcomes
Knowledge and understanding	1+2+3+4+5+6
Skills and abilities	4+5+6
Judgement and approach	1+6

### Course content

This sub-course aims to provide basic knowledge of the functions of financial markets and financial institutions in a market economy. In the field of international economics trade theory is discussed, giving the conditions to analyse different economic questions in an international setting. These questions can be about growth and problems in developing economies, trade and labour markets in a globalized economy and questions about integration with the European market. In the field of financial economics, a key concept is the interest rate and a part of the course addresses various interest rate theories and different reasons for interest rate changes. Furthermore, the foreign exchange market, the determination of exchange rates and exchange rate risks are discussed. A section of the course addresses the determination of prices and interest rate risks for various financial instruments. Finally, the basics of how businesses and financial institutions, mainly banks, handle credit and interest rate risks are given.

### Form of teaching

The content of the course is presented mainly at lectures and in group exercises. A large part of the knowledge acquisition on the course is done through own work by the student.

*Language of instruction:* Swedish

**Assessment**

All Learning goals are examined by two written exams, one in theory of trade and one in financial economics.

If a student, who has failed the same examined element on two occasions, wishes to change examiner before the next examination session, such a request is to be submitted to the department in writing and granted unless there are special reasons to the contrary (Chapter 6, Section 22 of Higher Education Ordinance).

In the event that a course has ceased or undergone major changes, students are to be guaranteed at least three examination sessions (including the ordinary examination session) over a period of at least one year, though at most two years after the course has ceased/been changed.

**Grades**

The grading scale comprises: Excellent (A), Very good (B), Good (C), Satisfactory (D), Sufficient (E) and Fail (F).

**Course evaluation**

Course evaluation is done digitally and anonymously via the course website in connection to a lecture on the course. Students can also fill in the survey at a later date.

The survey material is compiled and the results from the course evaluation and proposals for possible improvement measures are discussed at the course committee meeting. After the course evaluation is completed, the result will be published at the course homepage. If a change of course is done based on the course evaluation, this will be communicated at the course introduction for the upcoming student group.

**Additional information**

1. Limitations: The course may not be included in the same degree as NEG110, NEG100 and NE0100.