## CONTENTS

Preface	page vii
1. Globalization and the Multinational Corporation	1
Part I. Introduction to Foreign Exchange Markets and Risks	45
2. The Foreign Exchange Market	47
Appendix 2.1: Logarithms	86
3. Forward Markets and Transaction Exchange Risk	89
Appendix 3.1: A Statistics Refresher  4. The Balance of Payments	122 128
Appendix 4.1: A Primer on National Income and Product Accounts	163
5. Exchange Rate Systems	167
Part II. International Parity Conditions and Exchange Rate Determination	221
6. Interest Rate Parity	223
7. Speculation and Risk in the Foreign Exchange Market	262
Appendix 7.1: The Siegel Paradox	303
Appendix 7.2: The Portfolio Diversification Argument and the CAPM	305
Appendix 7.3: A Regression Refresher	308
8. Purchasing Power Parity and Real Exchange Rates	313
9. Measuring and Managing Real Exchange Risk	354
10. Exchange Rate Determination and Forecasting	394
Part III. International Capital Markets	443
11. International Debt Financing	445
12. International Equity Financing	501
13. International Capital Market Equilibrium	544
Appendix 13.1: The Mathematics of International Diversification	598
14. Country and Political Risk	603
Part IV. International Corporate Finance	663
15. International Capital Budgeting	665
Appendix 15.1: Deriving the Value of a Perpetuity	710
16. Additional Topics in International Capital Budgeting	712
17. Risk Management and the Foreign Currency Hedging Decision	758

Part V. Managing Ongoing Operations	791
18. Financing International Trade 19. Managing Net Working Capital	793 827
Part VI. Foreign Currency Derivatives	865
20. Foreign Currency Futures and Options Appendix 20.1: Foreign Currency Option Pricing (Advanced)	867 918
21. Interest Rate and Foreign Currency Swaps	933
Glossary Index	969 999
	<ul> <li>18. Financing International Trade</li> <li>19. Managing Net Working Capital</li> <li>Part VI. Foreign Currency Derivatives</li> <li>20. Foreign Currency Futures and Options         <ul> <li>Appendix 20.1: Foreign Currency Option Pricing (Advanced)</li> </ul> </li> <li>21. Interest Rate and Foreign Currency Swaps</li> <li>Glossary</li> </ul>