

International Management Studies

Lecture 2

2025.3.12

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I. Syllabus

Course Title: International Management Studies

Instructor: Dr. Sok Tae Kim (CFA, CAMS)

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Office Hours: Tuesday 12:00 - 13:00 or by appointment

Class Time: Wednesday 9:00 AM - 12:00 (1026)

Course Description: This course explores the fundamentals of international business and finance, focusing on the dynamics of the global economy, international investing, valuation of assets. Students will gain an understanding of the challenges and opportunities in conducting business across borders, including the investing and risks associated with exchange rates, political and economic environments, and cultural differences, through understanding the principles of finance and international management.

Course Objectives: By the end of this course, students should be able to:

1. Understand the basic concepts and theories of international business and finance.
2. Understand the time value of money and its applications in the asset and project valuation.
3. Develop strategies for managing financial investments and risks.
4. Understand the investment principles in the global framework.
5. Able to analyze global firms as an investment target

Course Materials: Most of course materials will be provided in advance of each class in the pdf form.↵

Required textbook: PrinciplesofFinance-WEB.pdf↵

(<https://assets.openstax.org/oscms-prodcms/media/documents/PrinciplesofFinance-WEB.pdf>)↵

Also, required to read some part of the “Fundamentals of Corporate Finance” by Ross, Westerfield and Jordan.↵

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Supplementary Readings: Articles and case studies will be provided throughout the course. Students are recommended to frequently visit the following investment websites such as↵

www.investing.com↵

money.cnn.com↵

money.yahoo.com↵

www.bloomberg.com↵

<http://int-mgt.neocities.org>↵

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Evaluation.↵

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Class Attendance: 20%↵

Mid-term Exam: 20%↵

Final Exam: 30%↵

Homework Assignment: 10%↵

Quizzes: 10% ↵

Class Participation: 10%↵

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Course Schedule and Course Outline

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Week1: Global Economy for 2025, Principles of Finance←

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Week2: International Finance Markets and How to Invest in the Financial Markets←

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Week3: Types of Investment Instruments (Stock, Bond, Futures, and Options)←

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Week4: Asset Valuation Methods (Time Value of Money 1)←

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Week5: Time Value of Money 2 (Quiz)←

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Week6: Time Value of Money 3 and Case Studies←

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Week7: Valuation of Projects (NPV, IRR, Payback Periods)←

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Week8: Risk Management 1←

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Week9: Risk Management 2 (How to manage risks)←

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Week10: Top-down Approach and Fundamental Approach←

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Week11: Evaluate a Promising Industry←

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Week12: Evaluate a Promising Company to Invest←

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Week13: Team Presentation for the most Promising Firm←

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Week14: Team Presentation for the most Promising Firm←

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Week15; Final Exam←

II. The Current Global Economic Challenges

- The global economy is navigating a complex landscape where inflation control, financial stability, and economic growth require coordinated efforts from policymakers, businesses, and international organizations.

The global economy is currently facing multiple challenges, with various factors contributing to ongoing uncertainty. The most critical issues, ranked in order of importance, are as follows:

1. Trade Conflicts and Protectionism

- Major economies such as the United States, China, and Europe are increasing tariffs and strengthening trade barriers to protect domestic industries, leading to reduced global trade.
- Companies are restructuring supply chains, with some industries reshoring production to mitigate risks.
- If protectionist policies persist, global economic growth could slow significantly, and economic instability may intensify in certain regions.

2. Persistent Inflationary Pressures

- Following the COVID-19 pandemic, supply chain disruptions and rising energy prices triggered inflation, which remains a major concern despite interest rate hikes by central banks.
- Increased costs of food, energy, and housing are straining household budgets, leading to reduced consumer spending and a risk of economic contraction.
- In some countries, wage increases are fueling inflationary cycles, making it harder to control price stability.

3. Slowing Global Economic Growth

- The global economy is expanding at a slower-than-expected rate, raising concerns about potential recessions in major economies.
- High interest rates are discouraging business investment and consumer spending, weakening economic momentum.
- Emerging markets face additional challenges such as rising debt burdens and currency volatility, further hindering growth prospects.

4. Increased Financial Market Volatility

- Fluctuating monetary policies by central banks are creating uncertainty in financial markets, leading to increased stock and bond market volatility.
- Rising interest rates have elevated debt burdens for corporations and households, raising concerns about financial stability.
- If financial instability spreads to the broader economy, it could exacerbate the risk of a prolonged economic downturn.

5. Energy Market Instability

- Oil and gas price fluctuations, driven by geopolitical tensions and shifting energy policies, are impacting industries and consumers worldwide.
- Supply disruptions in key energy-producing regions have contributed to market uncertainty, making energy security a priority for many countries.
- While long-term investment in renewable energy is increasing, short-term dependence on fossil fuels remains a challenge.

6. Food Security Concerns

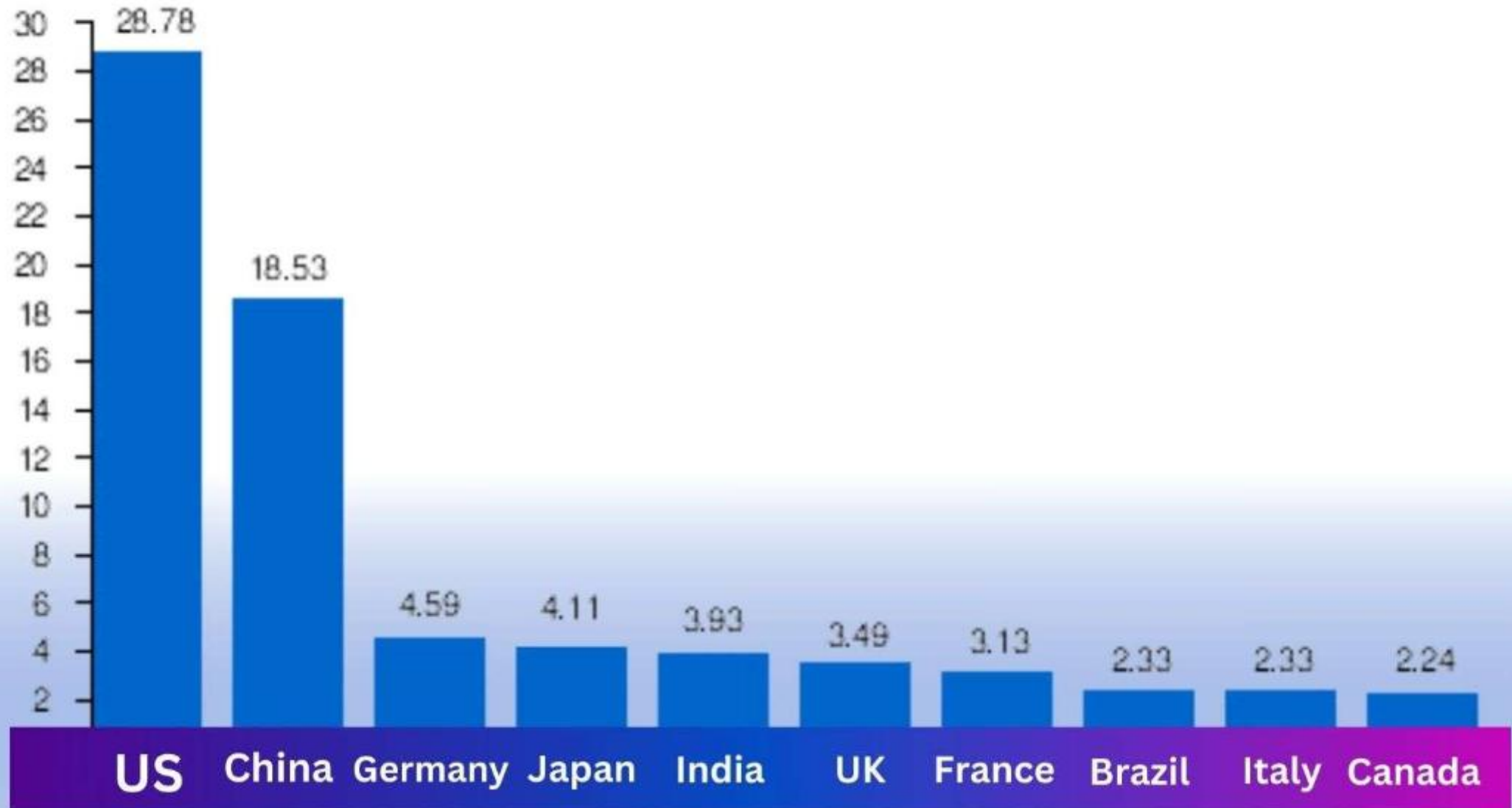
- Global food prices are rising due to geopolitical conflicts, climate change, and disruptions in agricultural supply chains.
- Some countries have imposed export restrictions on essential commodities, further destabilizing global food markets.
- Food shortages and price inflation are particularly severe in low-income nations, exacerbating economic inequality and social instability.

7. Deglobalization Trends

- Following the pandemic and heightened geopolitical tensions, countries are prioritizing domestic production and supply chain resilience, reducing reliance on global trade.
- Companies are diversifying production bases to mitigate risks, but this shift increases costs and reduces the efficiency of global supply chains.
- If deglobalization trends continue, economic fragmentation could slow innovation and reduce overall global economic efficiency.

III. Analysis of Global Economy

World GDP Ranking 2024



Country	GDP (\$B)	GDP Per Capita (\$ thousand)
United States Of America (U.S.A)	28,783	85.37
China	18,536	13.14
Germany	4,730	56.29
Japan	4,112	34.14
India	3,942	2.73
United Kingdom (U.K.)	3,502	51.07
France	3,132	47.36
Brazil	2,333	11.35
Italy	2,332	39.58
Canada	2,242	54.87

COUNTRIES'S GDP LIST

2024

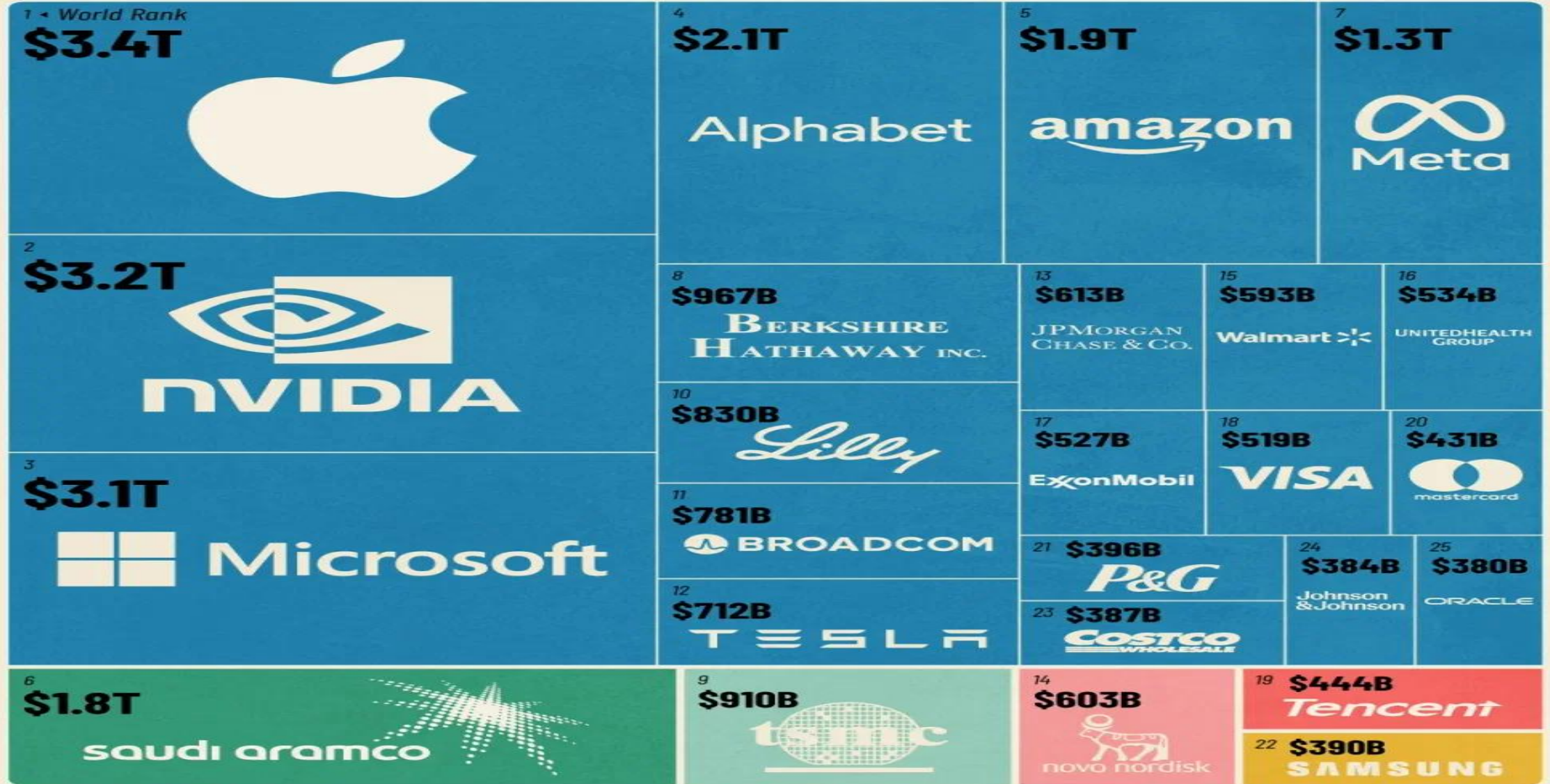
1. \$28,7t	31. \$526b	61. \$140b
2. \$18,5t	32. \$525b	62. \$127b
3. \$4,59t	33. \$471b	63. \$121b
4. \$4,11t	34. \$465b	64. \$117b
5. \$3,39t	35. \$464b	65. \$110b
6. \$3,49t	36. \$445b	66. \$108b
7. \$3,13t	37. \$409b	67. \$107b
8. \$2,33t	38. \$406b	68. \$104b
9. \$2,32t	39. \$386b	69. \$102b
10. \$2,24t	40. \$373b	70. \$97,9b
11. \$2,05t	41. \$369b	71. \$96b
12. \$2,01t	42. \$369b	72. \$92,1b
13. \$1,79t	43. \$338b	73. \$88,5b
14. \$1,76t	44. \$333b	74. \$88b
15. \$1,64t	45. \$325b	75. \$87,3
16. \$1,47t	46. \$308b	76. \$86,9b
17. \$1,14t	47. \$298b	77. \$82,6b
18. \$ 1,11t	48. \$296b	78. \$81,8b
19. \$1,10t	49. \$282b	79. \$81,8b
20. \$938b	50. \$266b	80. \$81,1b
21. \$844b	51. \$265b	81. \$79,6b
22. \$802b	52. \$257b	82. \$78,7b
23. \$655b	53. \$252b	83. \$75,2b
24. \$623b	54. \$250b	84. \$73,7b
25. \$604b	55. \$244b	85. \$72,1b
26. \$564b	56. \$223b	86. \$69b
27. \$548b	57. \$205b	87. \$68b
28. \$540b	58. \$188b	88. \$56,3b
29. \$530b	59. \$160b	89. \$54,7b
30. \$527b	60. \$152b	90. \$32.8b

IV. Analysis of Global Companies

Top 25 Companies

BY MARKET CAP


 UNITED STATES



 SAUDI ARABIA

 TAIWAN

 DENMARK

 SOUTH KOREA

 CHINA



As of early 2024, the largest Chinese companies by market capitalization were:

1. **Tencent Holdings Ltd.:** Approximately \$472.33 billion. [statista.com](https://www.statista.com)
2. **Kweichow Moutai Co., Ltd.:** Approximately \$297.91 billion. en.wikipedia.org
3. **Industrial and Commercial Bank of China (ICBC):** Approximately \$223.89 billion. en.wikipedia.org
4. **Alibaba Group Holding Ltd.:** Approximately \$183.48 billion. en.wikipedia.org
5. **PetroChina Company Limited:** Approximately \$181.19 billion. en.wikipedia.org +3
6. **China Mobile Ltd.:** Approximately \$178.24 billion. en.wikipedia.org
7. **Agricultural Bank of China:** Approximately \$176.83 billion. en.wikipedia.org
8. **Bank of China:** Approximately \$150.71 billion. en.wikipedia.org
9. **China Construction Bank:** Approximately \$148.88 billion. en.wikipedia.org
10. **PDD Holdings Inc.:** Approximately \$201.21 billion. en.wikipedia.org

As of March 5, 2025, the market capitalizations of South Korea's largest firms are as follows:

1. **Samsung Electronics Co., Ltd.:** \$246.55 billion stockviz.com +1

2. **SK hynix Inc.:** \$91.14 billion stockviz.com +3

3. **Samsung Biologics Co., Ltd.:** \$55.24 billion stockviz.com +1

4. **LG Energy Solution, Ltd.:** \$53.69 billion stockviz.com +1

5. **Hyundai Motor Company:** \$33.37 billion stockviz.com +1

As of early 2025, the largest companies in Nepal by market capitalization, converted to US dollars using an average exchange rate of 1 NPR = 0.007471 USD for 2024, are as follows: [exchange-rates.org](https://www.exchange-rates.org) +1

1. **Bishal Bazar Company Limited (BBC)**: Approximately \$1.93 billion
2. **Nepal Doorsanchar Company Limited (NTC)**: Approximately \$1.28 billion
3. **Nabil Bank Limited (NABIL)**: Approximately \$1.05 billion
4. **Citizen Investment Trust (CIT)**: Approximately \$0.99 billion [exchange-rates.org](https://www.exchange-rates.org) +5
5. **Nepal Reinsurance Company Limited (NRIC)**: Approximately \$0.77 billion
6. **Global IME Bank Limited (GBIME)**: Approximately \$0.64 billion
7. **Himalayan Reinsurance Limited (HRL)**: Approximately \$0.64 billion
8. **Everest Bank Limited (EBL)**: Approximately \$0.58 billion [exchange-rates.org](https://www.exchange-rates.org) +4
9. **Nepal Investment Mega Bank Limited (NIMB)**: Approximately \$0.56 billion
10. **Standard Chartered Bank Limited (SCB)**: Approximately \$0.51 billion

Identifying the most promising global companies over the next five years involves analyzing current industry trends, technological advancements, and strategic initiatives. Based on recent developments, several companies across various sectors exhibit significant potential:

1. Artificial Intelligence (AI) and Technology

- **Nvidia:** As a leader in AI hardware and software, Nvidia has experienced substantial growth, surpassing Amazon and Alphabet in market capitalization. The company's focus on AI chip development positions it well for future advancements in AI applications. en.wikipedia.org
- **Microsoft:** With strategic investments in AI, including a multi-billion dollar partnership with OpenAI, Microsoft is integrating AI across its product lines. The development of custom AI chips and expansion of cloud services underscore its commitment to maintaining a competitive edge in the technology sector. en.wikipedia.org

2. Pharmaceuticals and Biotechnology

- **Novo Nordisk:** Renowned for its diabetes care products, Novo Nordisk has expanded into obesity treatments with drugs like Wegovy and Ozempic. Significant investments in production facilities and strategic acquisitions have propelled the company to become one of the most valuable globally, with a market capitalization surpassing \$600 billion. en.wikipedia.org

3. Renewable Energy

- **Iberdrola:** As a leading renewable energy company, Iberdrola has invested heavily in wind and solar projects worldwide. The inauguration of the Tâmega hydroelectric complex in Portugal and the development of large-scale offshore wind farms in the UK highlight its commitment to sustainable energy solutions. en.wikipedia.org

4. Aerospace and Space Exploration

- **SpaceX:** Pioneering private space exploration, SpaceX has achieved milestones in reusable rocket technology and commercial space travel. Its ambitious projects, including the Starship program and satellite-based internet service Starlink, position it as a key player in the burgeoning space industry. reuters.com

5. Financial Services and Fintech

- **Stripe:** As a major player in financial technology, Stripe's platforms facilitate online payments for businesses globally. Its valuation reflects its significant role in the digital economy, with continued growth anticipated as e-commerce expands.

6. Consumer Goods and Retail

- **Shein:** An online fast-fashion retailer, Shein has rapidly gained global market share by offering affordable and trendy clothing. Its innovative supply chain and data-driven design process have disrupted traditional retail models. en.wikipedia.org