



General Course Information

Instructor: Nikola Gradojevic
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Office Location MacKinnon 734
Office Hours Tuesdays, 05:30-07:00pm.
Department/School Department of Economics and Finance

TA's TBA
Email TBA
Office Location TBA
Office Hours TBA

Class Schedule: • Tues, Thur: 04:00-05:20 in [CRSC](#), Room 403

Pre-requisites: ([ECON*2560](#) or [ECON*3560](#)), [ECON*3710](#), (1 of [ECON*3100](#), [ECON*3770](#), [ECON*3810](#), [ECON*4700](#)), [ECON*3740](#), (2 of [ECON*3360](#), [ECON*3510](#), [ECON*3660](#), [ECON*3760](#), [FARE*4240](#), [ECON*3860](#), [ECON*3960](#))

Course Description

This is an advanced finance course, which will cover a selection of topics in financial theory and practice such as capital markets consumption and investment decisions, agency problem, risk management in banking, pricing contingent claims, insider trading, event study methodology, dividend policy, market efficiency, technical trading, international financial management, global financial crisis and non-linearities in financial data.

The objective of this course is threefold: (i) introduce students to discussions related to finance research, (ii) provide an overview of a few selected core as well as modern topics in finance, and (iii) expose students to the analysis of seminal research papers.

The delivery of this course will involve formal lecturing as well as class discussions and student presentations. Students are strongly encouraged to participate and indeed lead the discussions to the extent that they can. In this course, the more interaction, the better the learning experience.

There is no required textbook for this course. The readings will consist of the lecture notes and a set of assigned papers for each topic. All materials, including lecture notes and assigned papers, will be posted on CourseLink or distributed in class.

Indicative Content

LECTURE TIMETABLE

INTRODUCTION

- Course Orientation
- Introduction to the Study of International Financial Markets
- Market Structure and Institutions

Note: The first lecture will be given on January 12, 2016.

TOPIC 1

- New Micro Exchange Rate Economics

TOPIC 2

- Systemic Risk and Global Financial Crisis

TOPIC 3

- Event Study Methodology

TOPIC 4

- Dividend Policy

TOPIC 5

- Insider Trading

TOPIC 6

- Efficient Market Hypothesis

TOPIC 7

- Non-linearities in Financial Data

TOPIC 8

- Real Options

TOPIC 9

- Technical Analysis

TOPIC 10

- Student Presentations

TOPIC 11

- Student Presentations

TOPIC 12

- Risk Management in Banking

Notes: The above class schedule isn't "carved in stone" – it may vary during the term depending on students' progress as well as professor's discretion. All important material will be covered.

Course Assessment

			Associated Learning Outcomes	Due Date/ location
Assessment 1:	10%	In-class participation		
Assessment 1:	20%	Topic presentation	Oral communication and presentation, analytical problem solving in a real world context, research.	TBA
Assessment 2:	30%	Article presentation	Oral communication and presentation, group work, understanding principles and concepts, analytical/empirical problem solving.	During the two weeks before the last week of classes
Assessment 3:	40%	Case study	Numerical and analytical problem solving, understanding principles and concepts, written communication.	04/07/2015
Total	100%			

Topic presentation – Notes:

There will be weekly topic presentations by students that will last for 5-10 minutes. Each presentation will demonstrate students' research effort based on an assigned topic and will involve class discussions. The goal will be to summarize and discuss the current state of literature with respect to selected topics in finance.

Article presentation – Notes:

Each group (1-3 students) will select, analyze and present (for 45 minutes - 1 hour) to the class a journal article or a case from a list offered by the instructor. These presentations will be scheduled for the two weeks before the last week of classes. A sign-up sheet will be available with the instructor. You are also required to write a brief summary of your article (or a case) and to provide the instructor with a hard copy prior to the presentation.

Case Study – Notes:

The take-home, case study will be given to you in advance, no later than the end of the 9th week of classes, and will be due on the last class on Thursday April 7, 2015. More details on the case study will be provided later.

Course Resources

Recommended Texts:

1. “**International Financial Management: Canadian Perspectives (3rd Edition)**” by Cheol S. Eun, Bruce G. Resnick and Donald J.S. Brean, McGraw-Hill Ryerson, 2014.
2. “**The Microstructure Approach to Exchange Rates**” by Richard K. Lyons, MIT Press, 2001.
3. “**Contemporary Financial Intermediation (3rd Edition)**” by Greenbaum & Thakor & Boot, Academic Press, 2015.
4. “**The Econometrics of Financial Markets**” by Campbell, J. Y., A. W. Lo and A. C. MacKinlay, Princeton University Press, 1997.
5. Supplementary readings on specific topics will be announced in class.

Course Policies

Grading Policies

You will need medical or compassionate reasons to miss any of the graded events.

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-grds.shtml>

University Policies

Academic Consideration

When you find yourself unable to meet an in-course requirement because of illness or compassionate reasons, please advise the course instructor in writing, with your name, id#, and e-mail contact. See the academic calendar for information on regulations and procedures for Academic Consideration:

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-ac.shtml>

Academic Misconduct

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The Academic Misconduct Policy is detailed in the Undergraduate Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/2015-2016/>

Accessibility

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an

open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact the Centre for Students with Disabilities as soon as possible.

For more information, contact CSD at 519-824-4120 ext. 56208 or email csd@uoguelph.ca or see the website: <http://www.csd.uoguelph.ca/csd/>

Course Evaluation Information

Please refer to: <https://www.uoguelph.ca/economics/course-evaluation>

Drop date

The last date to drop one-semester courses, without academic penalty, is March 11, 2016. For regulations and procedures for Dropping Courses, see the Academic Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/2015-2016/>

Course Learning Outcomes

The Department of Economics and Finance *Learning Outcomes* for this course are:

Skills:

1. **Written Communication:** The article analysis will provide an opportunity for students to provide a written summary of a particular financial paradigm. The final exam is a written report for a real-world situation that relates to a major decision taken by an investor or a company.
2. **Oral Communication/Presentation:** The presentation of a research paper will provide students with an opportunity to present to the class their summary and evaluation of a major research paper.
3. **Analytical Problem Solving:** Much of the course is about studying and interpreting financial theory and practice and making recommendations for individual investors and companies.
4. **Problem solving in a Real World Context:** All finance topics taught in this course relate to how investors and companies act in the real world.
5. **Group Work:** The article presentation will be done in groups of students.

Knowledge:

1. **Mathematical methodology:** We will be using simple mathematical techniques for certain topics.
2. **Statistical and Econometric Methodology:** We will be using simple distributions and will be computing descriptive statistics to help us understand the probability of certain future outcomes occurring. Distributions are central in financial risk management.
3. **Understanding of Specific Markets:** This course is devoted to understanding financial markets and in particular the markets for stocks and bonds, although derivatives markets will be considered as well.
4. **Historical and Global context:** We will investigate the historical performance of global financial markets.
5. **Financial Asset Pricing, Corporate Finance, and Risk Analysis:** This is just a summary of what this course is about.