

Course Outline

ACADIA UNIVERSITY

ECONOMICS 3133X2

ECONOMICS OF FINANCIAL MARKETS

Dr. Brian VanBlarcom

Winter Term 2020

Office: BAC 342

12:00-1:15 pm Slot (10)

Tel: 585-1137

Classroom: BAC 234

Office hours: Tuesday and Thursday 9 – 10 am, 1:30 -2:30 pm or by Appointment

Economics 3133 deals with the economic characteristics, functions and performance of financial markets. Topics include financial intermediation, pricing of financial assets, definitions and measurement of risk, interest rate and foreign exchange rate determination. These topics will be reviewed in relation to current economic conditions and policies in Canada and internationally.

TEXT: The economics of Money, Banking and Financial Markets, written by F. Mishkin and A. Serletis, 6th Canadian Edition Published by Pearson Canada Toronto, 2016.

The text will be supplemented by additional readings and websites where applicable.

Schedule of Topics: Text Chapters in parentheses.

Part 1 Overview of Financial System, Markets and Instruments

1. Overview of Money and the Financial System. (Ch 1/Appendix – Ch 2,3 and 23)

Part 2 Financial Instruments and the Stock market

1. Derivatives: Futures, Options and Swaps (Ch 13), tmx.com, investopedia.com
2. The Stock Market (Ch 7)

Part 3 Risk

1. Risk, Uncertainty and Portfolio Diversification (Power Point Slides).

Part 4 Bonds and Interest Rates

1. Understanding Interest Rates (Ch 4)
2. Behavior of interest rates (Ch 5)
3. The Risk and term Structure of Interest Rates (Ch 6)

Part 5 International Finance

1. Foreign Exchange (Ch 18).
2. International Financial System (Ch 19).

Part 6 Current/Recent Issues in Financial Markets/Foreign Exchange Markets

Chapter 9/Chapter 10

Grade Determination:

Portfolio Contest	10%
3 Assignments (@ 6 each)	15%
6 quizzes (@ 2 each)	12%
2 tests (@15% each)	30%
Exam	<u>40%</u>
	107%

Portfolio (Derivatives) Contest

Students must hand in the portfolio assignment to the instructor **at the beginning of class** on the due date. **Late submissions will not be accepted.** The portfolio grade will be determined by successful completion of the portfolio combined with the performance of your portfolio. Details of the portfolio contest will be sent out early in the term.

Assignments

The assignments are to be done individually, typed or neatly handed written and submitted in printed form – no emailed assignments and due in my hand by 12 pm on the due date. Get your assignments done early, computer problems do arise but they are not an excuse. You can submit assignments early. **Late assignments will not be accepted.**

Quizzes

There will be no advance warnings for the quizzes, no make-up quizzes will be written. The quizzes will be brief and based on recent material covered or assigned readings. These quizzes are designed to encourage (coerce is such a strong word) students to keep up with their reading and thereby promote class discussion.

Tests

There will be no make-ups for the tests. If a test is missed, the weight of the missed test will be added to **your exam**. The final exam will be comprehensive in that it pertains to all material covered in the course.

Exam

The exam will be a comprehensive in nature, covering all material covered in the course.

Assignments and Test Dates

Assignment 1 due: Thursday January 23

Portfolio submission due: Thursday January 23

Test 1- Thursday January 30.

Portfolio Contest Ends – Friday, February 14

Options that have not been exercised as of Feb 14 will be given a value of zero (regardless of their actual value on that day).

Assignment 2 due: Thursday February 27

Test 2 – Thursday March 5

Assignment 3 due Thursday March 26

Final Exam - TBA

Academic Integrity

Plagiarism and cheating of any kind will not be tolerated in this course. Consult the following website <http://library.acadiau.ca/guides/plagiarism/student/> over what constitutes cheating/plagiarism and the university policies regarding cheating/plagiarism. The **minimum** penalty for any student caught cheating/plagiarizing will be expulsion from the class and a zero grade.

Students with disabilities that affect learning:

If you are a student with documentation for accommodations or if you anticipate needing supports or accommodations, please contact Marissa McIsaac, Accessibility Resource Facilitator at 902-585-1520, disability.access@acadiau.ca or Emily Duffett, Accessibility Officer, disability.access@acadiau.ca. Accessible Learning Services is located in Rhodes Hall, rooms 111-115.

Writing Centre

The Writing Centre offers free help to students wanting to improve their writing skills. You can sign up online today:

- To book a one-to-one appointment with a trained writing tutor, click here:
writingcentre.acadiau.ca/writing-tutorials.html
- To see which helpful presentations and workshops you'll want to attend this year, click here:

writingcentre.acadiau.ca/workshops-and-presentations.html