

McMaster University
Department of Economics
ECONOMICS 2I03
Financial Economics
COURSE OUTLINE Winter 2018

Instructor:	Email:
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Office Location: KTH 405	Telephone:
Office hours: Mondays/Wednesdays/Thursdays 3:00 pm to 4:00 pm	905 525 9140 Ext. 23826

Section	Day	Time	Location
C01	Monday/Wednesday/Thursday	1:30 pm to 2:20 pm	TSH_B105

Teaching Assistant(s):

The name, office hours, and email address of the teaching assistant(s) will be posted on Avenue to Learn

Course Description:

This course focuses on the financial sector. Topics include the role of capital markets in facilitating investment and growth, bond markets, & stock markets. It analyses behavior of interest rates and discusses Banking and the Management of Financial Institutions.

Prerequisite(s):

ECON 1B03 and ECON 1BB3 (or ARTSSCI 2E03

Not open to students with credit or registration in COMMERCE 2FA3

Required Textbook:

The Economics of Money, Banking and Financial Markets 6th Canadian Edition, by Fredric S. Mishkin, 2015

Additional Text:

Corporate Finance, 3rd Canadian Edition, by Jonathan Berk, Peter Demarzo & David Stangeland, 2015, Pearson

Learning Outcomes:

At the end of the course, students should be able to

- Understand the primary functions of the Financial System
- Understand the structure of the Financial Markets
 - Understand time value of money
 - Understand how to value bonds & stocks
- Explain the Financial Market Instruments
- Understand time value of money and Valuation of Financial assets
- Explain the Functions of Financial Intermediaries
- Explain the types of Financial Intermediaries
- Explain Regulation of Financial Markets
- Explain the role of financial regulatory authorities
- Explain the role of central banking

Course Website

Avenue to Learn (avenue.mcmaster.ca) is McMaster's learning management system and is where all the course material will be posted. Course material is posted under the 'Content Tab' on Avenue and includes:

- Course Outline
- PowerPoint Notes
- Selected textbook questions and answers
- Office hours of the instructor and teaching assistant
- Grades
- Announcements

Evaluation

Component	Weight	Due Date	Location
1. Quizzes	7%	Weekly by Sunday 11:00pm (starting January 22)	Avenue to Learn
2. iclickers	8% (best 80%)	Every lecture (starting January 15)	In lecture
3a. Test #1	20%	Wednesday, February 14 th	To be announced
3b. Test #2	20% (with iclicker)	Wednesday, March 21 st	To be announced
4. Final Exam	45% (with iclicker) 53% (without iclicker)	April 2016	To be announced

1. Quizzes

Quizzes will be administered through Avenue to Learn. All Quizzes will consist of Multiple-Choice questions. See below the detail information on the coverage, availability and due dates.

2. iClickers

Starting January 15th, we will make use of iclickers (or “clickers”) – an electronic response system that allows you to register an answer to questions asked in class. Your best 80% clicker sessions will count for 10% of the course grade. Each clicker session is graded out of 5 points. Three of the five are awarded for answering at least 75% of the questions posed in class, even if all of these are answered incorrectly. This is the “participation” portion of the clicker grade. One mark is awarded for each question answered correctly, to a maximum of two. This is the “performance” portion of the clicker grade. **Students with a higher grade on the final exam will have the grade weight from the iclickers shifted to the final exam.**

iclickers may be purchased through the campus store. Each student is responsible for buying a clicker, registering it (see below), bringing it to class, and ensuring that the batteries are in working order. Any of i>clicker2 (with screen), i>clicker+ (no screen) or the original i>clicker can be used.

According to McMaster University **Academic Integrity Policy**

(<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicIntegrity.pdf>)

It shall be an offence knowingly to:

q) impersonate another student either in person or electronically for the purpose of academic assessment.

Clicker Registration

Students must register their i>clickers each academic term. If you have successfully registered an i>clicker in the past, you **must** register it for the current term.

Registrations do not carry over from one term to another.

Do NOT enter your student ID number when registering!

Instead enter your Mac ID which is the name before @ in your McMaster e-mail address.

See step 5 below.

To complete the student registration form, students must:

1. Go to <https://www.iclicker.com/register-a-remote>

2. Which software will your instructor use in class?

Select: iClicker Classic (formerly iClicker 7)

3. Which Learning Management System does your institution use?

Select: Brightspace/D2L

Then choose "register directly on our website"

3. Enter your first name and last name in the appropriate fields.

5. Enter your Mac ID - which is the name before the @ symbol in your McMaster e-mail address - as student ID.

5. Enter your i>clicker remote ID. The remote ID is the 8-character alphanumeric code printed below the barcode on the back of your remote.

6. Enter the letters or numbers in the security image on the screen. This verification image is a slightly distorted series of characters used to prevent spam bots from submitting the form. Students can request another image if they find the first hard to see, or play an audio reading of it instead.

7. Click the Enter button. An on-screen message confirms that registration was successful.

For general iclicker inquiries, visit

<https://campusstore.mcmaster.ca/information/faq/iclicker-faq.html> .

3a & 3b. Test #1 & Test #2

Both tests, 50 minutes long, will consist of 35 multiple choice questions. The material for each test is outlined below.

4. Final Exam

The final exam will be 2 hours in length and will be written during the final exam period. The exam will consist of 70 multiple choice questions and is cumulative.

Missing Quizzes and/or tests

- There will be no makeup quizzes or makeup tests
- If you miss a test or quiz you will get a grade of zero unless you complete and submit a McMaster Student Absence Form (MSAF) which can be found at <https://www.mcmaster.ca/msaf/>
- With approved MASF, weight of the missed test will be shifted towards final exam.

NOTE: MSAF is not accepted for online quizzes and class participation through iclickers

Use of Calculators

Only the Casio FX-991 series calculator may be used for tests and the exam (available in the bookstore).

Photo ID

You will be required to show your university photo ID at all tests and the exam.

Scan Sheets

For all tests and the final examination *multiple choice questions* to be answered on scan sheets.

You must use an HB pencil to fill in these sheets and you are responsible for providing your own.

Important Dates

- Test # 1 Wednesday, February 14th
 - Test # 2 Wednesday, March 21st
 - Note: Both term tests will be held during the class time (from 1:30 to 2:20)
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- Final Exam: According to Registrar office
 - Course Withdrawal Friday March 16th

Detailed Reading Schedule

Week	Dates	Topics/Readings	Quizzes on Avenue
1	Jan. 04 to Jan. 05	<i>An Overview</i>	
2	Jan. 8 to Jan. 12	<i>Introduction: Chapters 1, 2 & 3 (RT)*</i>	
3	Jan. 15 to Jan. 19	The Time Value of Money Chapter 4 (AT)**	Quiz #1 Covers chapters 1,2 &3 (RT) Open Jan. 19 th 8:00 am Closes Jan. 22 nd 11:pm
4	Jan. 22 to Jan. 26	Basic Valuation Valuing Bonds Chapter 6 (AT)	Quiz #2 Covers chapter 4& 6 (AT) Open Jan 26 th 8:00 am Closes Jan. 29 th 11:pm
5	Jan. 29 to Feb. 02	Financial Markets Understanding Interest rates The behaviour of interest rate Chapter 5 (RT)	
6	Feb. 05 to Feb. 09	The Risk and Term structure of interest rate The stock Market Chapter 6(RT)	Quiz #3 Covers chapter 5,6 (RT) Open Feb 9 th 8:00 am Closes Feb. 12 th 11:pm
7	Feb. 12 to Feb. 16	TEST # 1 Covers chapters 1,2,3(RT) & 4, 6 (AT)	
8	Feb. 19 to Feb. 23	No Classes --- Midterm Recess	
9	Feb. 26 to Mar. 02	Valuing Stocks Chapter 7 (AT)	
10	Mar. 5 to Mar. 9	Financial Institutions Chapter 8 (RT)	Quiz #4 Covers chapter 7 & 8(RT) Open Mar. 9 th 8:00 am Closes Mar. 12 th 11:pm
11	Mar. 12 to Mar. 16	Banking and the Management of Financial Institutions Chapter 12 TEST # 2 Covers chapters 7(AT) & 5,6 & 8 (RT)	
12	Mar. 19 to Mar. 23	Financial Institutions ... Continue Chapters 9 (RT)	Quiz #5 Covers chapter 9, & 12 (RT) Open Mar. 23 rd 8:00 am Closes Mar. 26 th 11:pm
13	March 26 to March 30	Financial Institutions ... Continue Chapters 10 (RT)	
14	April. 2 to April. 6	Central Banking Chapter 15, 16, 17(RT)	Quiz #6 (Covers chapter 15, 16 & 17) Open Mar. 31 st 8:00 am Closes April 6 th 11:pm

*Required Text; ** Additional Text

E-mail Communication Policy

Effective September 1, 2010, it is the policy of the Faculty of Social Sciences that all e-mail communication sent from students to instructors (including TAs), and from students to staff, must originate from the student's own McMaster University e-mail account. This policy protects confidentiality and confirms the identity of the student. It is the student's responsibility to ensure that communication is sent to the university from a McMaster account. If an instructor becomes aware that a communication has come from an alternate address, the instructor may not reply at his or her discretion. Please do not send the instructor or the TAs emails from Avenue. We cannot respond to email sent from Avenue from our McMaster email account. We will only address emails sent to our McMaster account from a McMaster account.

Lastly, please include the following information in your email:

Subject heading, your name, student number and course.

Student Accessibility Services (SAS)

Students with disabilities or special needs are advised to register with SAS. Please contact (905) 525-9140 ext. 28652 or sas@mcmaster.ca for information regarding its services and resources. For more information, see the SAS website:

<http://sas.mcmaster.ca/>

Academic Integrity:

Please note: In order to maintain a culture of academic integrity, members of the McMaster university community are expected to promote honesty, trust, fairness, respect and responsibility. The policy for academic integrity is available at:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicIntegrity.pdf>

Note: The instructor reserves the right to modify elements of the course and will notify students accordingly (in class and post any changes to Avenue to Learn).