

**ECON 173A – SYLLABUS (FALL 2009)**  
**Foster, UCSD, October 26, 2009**

Teaching Staff and Consultation Hours			
Name/Position	Times	Room	Contact Info
Carroll B. Foster (PhD/Instructor)	MWF 10–10 <sup>50</sup> am	SUN GOD	(858) 534-7133 cfoster@ucsd.edu
Alberto Rossi	T, 8-9 am	ECON 117	agrossi@ucsd.edu
Chris Steiner	F, 9-10 am	SUN GOD	c1steiner@ucsd.edu
Xiahua Anny Wei	F, 3 <sup>30</sup> -4 <sup>30</sup> pm	SEQ 227	xiwei@ucsd.edu

Course Information

- Lecture (A00): “Financial Markets” (659940) – MWF, 8-9 am, WLH 2005
- Problem/discussion section (A01): M, 7-8 pm, PEPPER CANYON 106
- Description: Intro to investment theory; financial markets; risk and return; capital asset and arbitrage pricing models; efficient markets; bond yields; term structure of interest rates.
- Prerequisite: Ec 100A; Ec 120B
- Course webpage: <http://webct.ucsd.edu>

Textbook

- Bodie/Kane/Marcus, *Investments* (8<sup>th</sup> ed.), and *Solutions Manual*, 2009. [Bookstore]

Calendar

- Change grade option or drop w/o “W” thru F, 23 OCT; drop w/o “F” thru M, 30 NOV
- Holidays: W, 11 NOV (Veterans’ Day); Th-F, 26-27 NOV (Thanksgiving)
- Midterm: Friday, 30 OCT, in class.
- Final: Monday, 7 DEC, 8-11 am, WLH 2005

Examinations and Grading

Midterm = 100 points; cumulative final = 250. Exams are open book/notes. Regrade period is 1 week after papers returned. No rescheduled or make-up exams.<sup>1</sup>

Course Outline and Reading List -- BKM 7 <sup>th</sup> & 8 <sup>th</sup>		
Top 1	INTRO TO FINANCE & INVESTING	Ch. 1, 3
Top 2	PERSONAL FINANCE	Notes and Discussion
Top 3	FINANCIAL SECURITIES	Ch. 2, 4
Top 4	RISK & RETURN	Ch. 5, §6.1
Top 5	MODERN PORTFOLIO THEORY	Ch. 6 - 7, §9.1
Top 6	ASSET PRICING MODELS	Ch. 8 - 10
Top 7	EFFICIENT MARKETS HYPOTHESIS	Ch. 11 - 13
Top 8	BONDS & INTEREST RATES	Ch. 14 - 16

<sup>1</sup> Please note that you MUST take the final with the rest of the class on schedule during finals week.

Suggested Reading

- Nassim N. Taleb, *Fooled by Randomness* (2<sup>nd</sup> ed.), Random House, 2004.
  - Idiosyncratic and depressing.
- Nassim N. Taleb, *The Black Swan*, Random House, 2007.
  - Stresses our failures to measure risks correctly.
- Peter L. Bernstein, *Against the Gods*, Wiley, 1998.
  - History of probability theory and statistics.
  - Philosophy of uncertainty and risk management.
  - Written before the financial meltdown of 2008.
- Justin Fox, *The Myth of the Rational Market*, Harper, 2009.
  - Must read after learning about the Efficient Markets Hypothesis!
  - Good history of financial theory and its recent failure.
- Niall Ferguson, *The Ascent of Money*, Penguin, 2008.
  - I haven't read this yet, but I think it is a history of just about everything
- Burton Malkiel, *A Random Walk Down Wall Street*, Norton, 1999.
  - Represents the older views; strongly supportive of rational markets and the EMH.
  - Nice history of financial crises, meltdowns, panics, and scams.
- John Kenneth Galbraith, *A Tenured Professor*, Mariner Books, 1990.
  - A novel (fiction) and a good read.
  - Cynical view of financial expert advice, forecasts and recommendations.