

# ECON 173A: FINANCIAL MARKETS

Summer Session 1 2013

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OFFICE HOURS: Wednesday 9:30-11:00AM

## COURSE OBJECTIVES

Finance & Investing is a practitioner's science and we emphasize the practical analysis inter-temporal of capital allocation. We need to finance different levels of consumption over long periods of time during which contemporaneously "earned" income is rarely sufficient. This means that thoughtful "borrowing" and "lending/investing" decisions are critical.

We will study financial markets – where borrowers *buy* capital and lenders *sell* capital – and the asset allocation models – applying risk-return trade-offs – that guide the efficient selection of financial securities.

How do we go from the theory to compute actual numbers using a combination of data and subjective judgment? The aim is to provide experience in applying techniques in common use in the portfolio management industry.

## COURSE MATERIALS

- Bodie, Z., A. Kane and A.J. Marcus, 2011, Investments, 9th edition. McGraw-Hill Irwin.

We refer to this as BKM. This book provides a comprehensive coverage of a wide range of investment topics and you will be able to use this textbook as a reference for years after you have graduated. The book covers a lot of material and should be considered background reading.

- Twenty (20) 3x5 "white" index cards
- Liar's Poker by Michael Lewis.

## COURSE GRADES

Course grades will be based on the following weighted components:

- Attendance (10%) – taken randomly on 12 occasions, with *two free passes*.
- Ten short, in-class Quizzes (2% each); one make-up allowed.
- Midterm exam (25% partnered or 35% solo).
- Final exam (45% if partnered on midterm and 35% if solo on midterm).
- An Extra Credit Quiz on Liar's Poker.

Grades will be curved. A weighted final score of 90 points will earn a guaranteed "A". The class average less roughly ten percent of the class standard deviation will establish the lowest B-. 55 points will be required to pass the course.

## STUDENTS WITH DISABILITIES

The student must present the OSD letter of certification and OSD accommodation recommendation to the appropriate faculty member in order to initiate the request for accommodation in classes, examinations, or other academic program activities. **No accommodations can be implemented retroactively.**

Please visit the [OSD website](#) for further information or contact the Office for Students with Disabilities at (858) 534-4382 or [osd@ucsd.edu](mailto:osd@ucsd.edu).

## ACADEMIC INTEGRITY

Integrity of scholarship is essential for an academic community. We pledge ourselves to uphold the highest ethical standards. The University expects that both faculty and students will honor this principle and in so doing protect the validity of University intellectual work. For students, this means that all academic work should be done by the individual (or, specific group of individuals) without unauthorized aid of any kind. Any act that purposefully and unfairly conveys a grading advantage will be considered a breach of ethics. Moreover, in action that involves a conspiracy (of any sort), all parties will be treated equally.

The complete UCSD Policy on Integrity of Scholarship can be viewed at: <http://www-senate.ucsd.edu/manual/appendices/app2.htm#AP14>