

ECON 173A -- SYLLABUS (WINTER 2014)

Foster, UCSD, April 1, 2014

Teaching Staff and Consultation Hours			
Name/Position	Times	Room	Contact Info
Carroll B. Foster (PhD/Lecturer)	MWF 12 n - 1 pm	ECON 110C	cfoster@ucsd.edu
Xuan Liang	F, 1 ³⁰ -2 ³⁰ pm	SEQ 227	x5liang@ucsd.edu
Deb Watkins	W, 3 ³⁰ -4 ³⁰ pm	SEQ 224	dawatkins@ucsd.edu

Course Information

- Course Title: FINANCIAL MARKETS (ID = 796308) [n = 125 < 199]
- Lecture: A00 – MWF, 9-10 am WLH 2005
- Discussion: A01 – F, 3-4 pm; A02 -- F, 4-5 pm CENTER 212
- Description: Intro to investment theory; financial markets; risk and return; capital asset pricing models; fundamental analysis; efficient markets; bond yields; term structure of interest rates.
- Prerequisite: Ec 100A; Ec 120B or Math 181B; Math 20F or 31AH

Books and Materials

- Bodie/Kane/Marcus, *Investments* (10th ed.). [Required]
- Course outline, exam questions, and tables at course webpage: <http://Ted.ucsd.edu>

Some Suggested Reading

- Burton Malkiel, *A Random Walk Down Wall Street*, Norton (1999). The rise of the EMH.
- Justin Fox, *The Myth of the Rational Market*, Harper Collins (2009). The demise of the EMH.
- Taleb, *The Black Swan*, Random House (2007). Everything you know is wrong.
- J. K. Galbraith, *A Tenured Professor*, Mariner Books (1990). A sarcastic novel about short selling.

Course Outline and Reading List -- BKM 9 th		
Top 1	INTRO TO FINANCE & INVESTING	Ch. 1, 3
Top 2	PERSONAL FINANCE & TVM (not tested)	§5.2
Top 3	FINANCIAL SECURITIES	Ch. 2, 4; §14.1
Top 4	RISK & RETURN	Ch. 5, §6.1 [omit §5.9]
Top 5	MODERN PORTFOLIO THEORY	Ch. 6 - 7 [omit §7.5]
Top 6	CAPITAL ASSET PRICING MODEL	Ch. 8-9
Top 7	STOCK ANALYSIS & THE EMH	Ch. 11; §13.1; §18.1 - 18.4
Top 8	BONDS & INTEREST RATES	Ch. 14 - 15; §16.1

Calendar

- Change grade option or drop w/o "W" thru F, 31 JAN, ; drop w/o "F" thru F, 7 MAR
- Holidays: Monday, 20 JAN (MLK); Monday, 17 FEB (Presidents' Day)
- Midterm: Wednesday, 12 FEB, in class
- Final: Wednesday, 19 MAR, 8-11 am, in _____

Tentative Friday Discussions						
Wk	Date	Subject	Reading	Wk	Date	Reading
1	Jan 10	PV, Σ notation	TVM	6	Feb 14	Financial crisis (me)
2	Jan 17	Personal finance	TVM	7	Feb 21	Problem solving
3	Jan 24	Problem solving	Top 3	8	Feb 28	EPF with Excel (me)
4	Jan 31	Problem solving	Top 4	9	Mar 7	Problem solving
5	Feb 7	Midterm review	Top 5	10	Mar 14	Bonds; Final review

Examinations and Grading

- Midterm = 100 points; final = 300. YOU MUST BRING A VALID PHOTO ID TO THE EXAMS.
- There is one homework assignment, using linear algebra and EXCEL. Failure to complete this assignment properly will lower your course grade by one whole letter (*e.g.*, from B+ to C+)!
- Exams are open notes but closed book; calculator required (no laptops or textbook).
- If you arrive late to an exam, I will allow you to take the exam in the time that remains *as long as no one has turned in an exam and left the room*. Once a classmate has turned in an exam, you will not be allowed to begin the exam and will get a zero.
- No bathroom breaks during midterms. One person at a time during finals; you will be escorted by a TA, with whom you will leave your exam paper.
- Regrade period for midterm is 1 week after papers first returned in class.
- No rescheduled or make-up exams. You MUST take final with the rest of the class on schedule during finals week. (Make travel plans accordingly; if you will have too many finals on one day, drop one course.) If you miss a midterm for a verifiable medical, legal or sports reason, your course grade will be your grade on the final. Notify me promptly that you will miss the midterm or you will get a zero. Unexcused absences also result in a zero.

Study Tips

- Attend class and take good notes. Read appropriate sections of the book AFTER I lecture on the material. Do practice problems at the end of my lecture topics and in the book.
- Consult the folder of recent exams at TED, to get a feel for the format of my tests. PLEASE NOTE THAT WE WILL NOT DISCUSS THESE OLD EXAMS.
- There are usually a lot of problems at the ends of chapters of textbooks. Often, the answers are provided for the even-numbered or odd-numbered ones.
- READ THE BOOK! Teachers who want to help you learn this subject wrote it.

My Pet Peeves

- This is not an on-line class. If you don't plan to come to the lectures, please drop the course.
- My view of grades is that they certify attainment of a certain level of competence and expertise in a subject. They are a reward for achievement, not effort. I am amused when students ask for a higher grade because they "need" a better mark. I don't honor such requests. I mean, would you want to go through life with a degree from a university where you can pass by whining and begging?
- I give multiple versions of tests several times each year. If you have the right answer for the wrong issue, I withhold your grade until the issue is resolved by AIC.
- A lot of cheating takes place during the last few minutes of an exam, when papers are handed in. In Spring 2010, 4 students handed in their midterms after I declared "pencils down," and 3 of them subsequently got caught cheating on the final. If you don't hand your exam in when I call "Pencils down," I will reduce your score by half.
- In Fall 2011 and Spring 2013, a lot of cell-phone cheating by students purportedly on "bath-room break" was reported on campus. A few cases of students not even enrolled at UCSD taking the exams for someone else have also recently surfaced.
- Honest students are put at a disadvantage by cheating students, and I don't like that. Hence, my exam rules and restrictions.