Syllabus

Course Description
This course introduces the workings of various financial markets and related instruments. Our focus includes the study of interest rates and the markets for stocks, bonds, mortgages and foreign exchange. We will also introduce futures, options, and other derivative assets. Throughout the course, we examine how both expectations and available information influence the value of financial assets. Lectures will be supplemented by virtual trading assignments and in-class group activities.

Prerequisite: ECON 101. Although not required, ECON 112 is helpful

Office: Rich 311C; e-mail: klanier@emory.edu
Office Hours: Wednesday: 11:00 – 2:00
By Appointment


Online Resources: We will use a virtual trading program called StockTrak in this course. Specific details about StockTrak will be forthcoming. In short, as we introduce new topics in the course, you will be asked to engage in a virtual trading activity related to that topic. There is a minimal fee for using StockTrak. StockTrak participation is required for this course, and students may register solo or in pairs of your choosing.

Other Resources: A standard calculator, and at times a financial calculator, will be needed.

Teaching Assistants: We will have a TA for this class. The TA will hold regular office hours and will be available to answer questions regarding the course material. In addition, the TA will do (almost) weekly presentations and will introduce and guide you through many of the StockTrak assignments.

Announcements: You are responsible for any announcements or assignments made in class and/or on Canvas. In particular, there will be several articles to read, classroom assignments, and occasional group assignments.
Honor Code: The honor code is in effect throughout the semester. By taking this course, you affirm that it is a violation of the code to cheat on exams, to plagiarize, to deviate from the teacher’s instructions about collaboration on work that is submitted for grades, to give false information to a faculty member, and to undertake any other form of academic misconduct. You agree that the teacher is entitled to move you to another seat during examinations, without explanation. You also affirm that if you witness others violating the code you have a duty to report them to the honor council. If you have a question concerning what is appropriate for an assignment or anything else, ask me. In general, you are expected to behave such that your academic integrity is beyond question. Please see Article 4 of the honor code if you have any questions regarding academic misconduct: http://catalog.college.emory.edu/academic/policies-regulations/honor-code.html

GRADING AND TESTS

The grades in this course will be determined as follows:

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Weight in Final Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classwork</td>
<td>10%</td>
</tr>
<tr>
<td>Quizzes</td>
<td>10%</td>
</tr>
<tr>
<td>Midterm Exams</td>
<td>40%</td>
</tr>
<tr>
<td>Class Participation/StockTrak Assignments</td>
<td>10%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>30%</td>
</tr>
</tbody>
</table>

The Economics Department has adopted the following suggestion regarding grade distributions:

A/A- not to exceed 35%
A through B- not to exceed 80%
C+ or below at least 20%

In light of these guidelines, numerical grades may align with letter grades as follows:

≥ 96% earns at least an A  
≥ 93% earns at least an A- 
≥ 90% earns at least a B+  
≥ 86% earns at least a B   
≥ 83% earns at least a B-  
≥ 77% earns at least a C+  
≥ 73% earns at least a C   
≥ 70% earns at least a C-  
≥ 67% earns at least a D+  
≥ 60% earns at least a D   
≥ 60% earns at least a D-  
< 60% earns an F
**Exams (70%):** There will be two in-class exams and a final exam. Each in-class exam will be worth 20% of your final grade. The comprehensive final exam will be worth 30% of your final grade. Exams will cover the assigned reading from the textbook, the core material discussed in the lectures, the study guides, and the StockTrak assignments. Some material covered in class, such as current events, is not from the textbook but may be included on exams. It is vital, therefore, to attend class to ensure you do not miss relevant material. No make-up exams are given. If you are ill, or must miss an exam for some other reason, please contact me prior to the exam. Failure to do so may result in a failing grade. For an excused absence, the other exams will be weighted more heavily in place of the missing exam.

**The dates of the exams are as follows:**
- **Exam 1:** Thursday, October 4
- **Exam 2:** Tuesday, November 13
- **Final Exam:** Wednesday, December 19 from 3:00 to 5:30

**Classwork (10%):** For each chapter or topic covered, I will provide a list of study questions that you should complete (alone or with a small group of classmates). These questions will be similar in style and difficulty to those you will see on the midterm and final exams. I will also provide a partial answer set to these study guides. On three days during the course, we will have graded Classwork Assignments. On these days, you may bring your study guides to class to aid in your completion of a few open response questions. Questions on these assignments will resemble short answer exam questions.

- **CW #1:** Thursday, September 20
- **CW #2:** Tuesday, October 30
- **CW #3:** Tuesday, November 27

**Quizzes (10%):** There will be at least ten (10) unannounced quizzes. Each of these quizzes counts 1% of your final grade. You will get half a point for turning in the quiz sheet and another half point for demonstrating sufficient effort, even if the answer is not perfect. On the other hand, if you fail to turn in the quiz sheet when I collect them you will not get a point for that quiz. I will not accept late turn-ins or offer make-up quizzes. Because these quizzes will be unannounced, you may view them as random attendance checks. Obviously good attendance can significantly improve your final grade. (Note: there may be more than ten quizzes. Your 10 highest quiz scores will count towards your grade.)

**Class Participation/StockTrak (10%):** Despite being lecture based, this course is designed to be interactive. In order to learn the material, I strongly recommend you make every effort to arrive on time and participate. In addition to the Class Assignments discussed above, there will be many opportunities to work with your classmates on problems or online exercises. Some of these problems/exercises may be graded. These points as well as those earned through quality participation in StockTrak assignments will account for 10% of your final grade.
Expected Conduct

It is everyone’s responsibility to foster mutually respectful learning environments. In this course, we will strive to have a positive, friendly, and productive environment. Specifically, expectations are as follows:

Instructor:
- I will come to class prepared to teach the material you need to learn in this course.
- I will make every effort to arrive on time, begin class on time, and release you on time.
- I will answer your questions to the best of my ability and respond in a timely fashion should I not immediately know the answer.
- I will hold regular office hours and be available to answer your questions.

Students:
- You are expected to arrive on time and prepared for class. (Late arrival disturbs everyone and will not be allowed.)
- Please turn off your phones and all other electronics before you enter class. Quiz scores may be reduced if your phone rings or if you send text messages in class.
- Participate in class discussions, and do not hold side conversations.
- Be attentive and take detailed notes.
- Complete study guide questions as they are assigned. Economics requires gradual learning.
- Please discuss with me any problems you may have in the course or any suggestions to improve the course.

Email Etiquette: Please email me at klanier@emory.edu. When you write, identify yourself and which course you are in. I will do my best to respond to your email within 24 hours (on a weekday). Before emailing, please consider posing your question to a classmate.

Canvas: Canvas is a communication medium used to make announcements, distribute handouts and lectures, post reading material, collect assignments, and record and distribute grades. To access your Canvas dashboard, go to: https://canvas.emory.edu. Use your email ID and Password to log in and select our course. There you will find relevant material as we move through the semester.

Current Events: Financial markets are discussed extensively in the popular press; so reading The Wall Street Journal, The New York Times, The Economist, and other sources will give the course relevance and help you apply the tools developed in class. We will discuss some relevant articles together, and I encourage you to bring articles to your classmates’ attention.
Computer Use: We will occasionally use computers and/or smartphones during class. You will be notified in advance if a laptop is needed for a group activity. (If you do not have one available to bring, you will be placed in a group with someone who does.) In addition, I understand that some students prefer to take notes using their computers and am willing to accommodate that preference. Please discuss with me your desire to use a laptop during this course. Know that if computers (or other technology) are used for purposes other than the day’s lecture, the user will lose his/her privilege of using a computer during class. In addition, if computer use becomes problematic, all use may be discontinued in class.
Intended Course Outline

(Note: I have identified the relevant chapters within the ME text. Many topics will be heavily supplemented during lectures.)

Part 1 - Introduction
Ch. 01 – Why Study Financial Markets and Institutions?
Ch. 02 – Overview of the Financial System

Part 2 – Fundamentals of Financial Markets
Ch. 13 – The Stock Market (A)
Ch. 03 – What do Interest Rates Mean and What is their Role in Valuation?
Ch. 04 – Why do Interest Rates Change?
Ch. 05 – How do Risk and Term Structure Affect Interest Rates?
Ch. 12 – The Bond Market

Part 3 – Financial Markets
Ch. 06 – Are Financial Markets Efficient?
Ch. 11 – The Money Markets
Ch. 13 – The Stock Market (B)
Ch. 14 – The Mortgage Markets

Part 4 – International and Derivatives
Ch. 15 – The Foreign Exchange Market
Ch. 16 – The International Financial System
Ch. 24 – Hedging with Financial Derivatives