Financial Economics I

In Fall semester 2021, lectures are provided in online at cyber campus.

Instructor: Sei-Wan KIM
Office: Posco 616
Phone: (02) 3277-4467
Email: swan@ewha.ac.kr
Office Hours: Since you are all graduate students, you can drop by office any time.

Class Home Page: Cyber Campus (cyber.ewha.ac.kr)

Required Texts:

1. *Investments*, 12th Ed. by Zvi Bodie, Alex Kane, and Alan J Marcus.
2. *Introductory Econometrics for Finance*, 4th Ed. Chris Brooks.
3. *Stocks for the Long Run*, 5th Ed. by Jeremy Siegel

Prerequisites: I will assume that every student has enough knowledge on Micro and Macroeconomics along with basic Econometrics.

Course Description and Objectives: This course deals with securities analysis and portfolio management. Among the topics covered are: risk and return, portfolio theory, asset pricing models, and bond analysis. Financial concepts and models are applied to real-world investment problems. Students are responsible for assigned readings and presentations from the textbook and supplemental readings from Stocks for the Long Run. Also important econometric issues like simple OLS estimation, time series estimation, and panel estimation, are studied with financial market applications.
One of the most important feature of this class is that we study quite a few financial empirical works after studying financial theory.

Course Requirements:
The course requirements will consist of **one mid-term exam, final examination, and selected chapter presentation from Stocks for the Long Run.** I will also schedule periodic quizzes if I feel you are not keeping up with the reading material. I will give you a four-day notice for all quizzes. Everybody in the class is expected to take examinations and quizzes on the scheduled dates. There will be no make-up examinations and quizzes. If an examination or quiz is missed, the final examination will make the additional weight. And to have this additional weight for the missed exam or quiz, **you must have university excuse for the missed exam and quizzes**.

Class Attendance: Class Attendance is an individual student responsibility. Daily attendance is recorded from time to time and added at the final score.

Grading: There are 400 + Attendance credits + Quizzes credit. The breakdown is as follows:

Examination 1 Sometime in October (will be determined later)	100 points
Final Examination Sometime in December (will be determined later)	200 points
Presentation Over 6st ~ 15th week	100 points
Total	**400 + Attendance Credit + Quizzes Credit**

The total score will be recalculated between 0 and 100 and then the course grade will be determined as follows:

90 and above	**"A"**
80 – 89	**"B"**

Academic Dishonesty: Any form of cheating is not tolerated. Become very familiar with the statement on academic dishonesty found in your Ewha University Catalogue.

Withdrawal and Drop Policy: See Fall 2021 semester calendar.

Tentative Class Schedule:

Week	**Topic**	**Chapters**
1	Introduction	
2	Risk and risk aversion	6
3	Capital allocation	7
4	Optimal risk portfolios	8
5	The CAPM	9
6	Index model	10
7	Midterm exam and watching a movie	
8	The APT	11
9	Market Efficiency	12
10	Empirical evidence on stock returns	13
11	Consumption CAPM	
12	Equity Premium Puzzle	
13	Financial econometrics 1	
14	Financial econometrics 2	
15	Financial econometrics 3	

16	Final exam