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**Victoria International Applied Finance programme**  
School of Economics and Finance

**MMAF521    MACROECONOMICS AND FINANCIAL  
MANAGEMENT (MACROFIN)**

Trimester 1 2005

**COURSE OUTLINE**

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**Contact Details**

The course controller is Roger Bowden, room RH310. Preferred contact is by email, at [Roger.Bowden@vuw.ac.nz](mailto:Roger.Bowden@vuw.ac.nz)

**Block Release Times**

9:30am Saturday, April 2 – 12.30 pm Monday April 4, 2005  
and 9:30am Saturday, May 28 – 12.30 pm Monday, May 30, 2005.

Attendance for all sessions of both block releases is compulsory.

**Course Objectives**

Financial decisions are set against an ever changing backdrop of economic events, shocks, and developments. An understanding of macroeconomic theory and practice is essential for managers concerned with investment, risk management and corporate governance. So is the ability to translate macroeconomic understanding into financial practice. MMAF 521 *Macrofin* interprets the insights of macroeconomic theory for financial managers concerned with investment position taking, portfolio management, hedging, and risk management.

**Course Content**

The course is organized in two parts, corresponding to the two block releases:

**Part A : The macroeconomic environment** is a 'one stop-one shop' compendium of the theory and practice of closed and open economy macroeconomics, expectations and dynamics, business cycles, economic trade and development. The purpose is to introduce the financial manager to the language, debates, and techniques of macroeconomic analysis. Part A spans chapters 1-6 of the course book

**Part B: Macroeconomic reality and financial management** exploits macroeconomic insights in the stochastic value management of financial functions, encompassing risk and position taking. Part B includes the equity market, interest rate markets, foreign exchange, commodities, and real estate, together with an integrated discussion of financial risk management in the macroeconomic context. It spans chapters 6-12 of the course book.

## Readings

The textbook (supplied) is

*Bowden, Roger (2004) Macroeconomics and Financial Management*, Wellington: Kiwicap Research.

This book is self contained and has references to further reading, including extensive web based resources.

## Materials and Equipment

The student should have access to, and reasonable familiarity with, the Excel package. Hand held calculators may also be useful from time to time.

## Assessment Requirements

The following schedule of assessment applies:

<b>Exams:</b>	One test at each block release session based on reading assigned for period leading up to the block release and material presented at the block release.	<b>60%</b>
<b>Assignments:</b>	Two major assignments that count together for 40%. <u>The first assignment is due Wednesday, March 30, 2005.</u> <u>The second assignment is due Wednesday, May 18, 2005.</u>	<b>40%</b>
<b>Total Assessment:</b>		<b>100%</b>

Assignments should be typed and contain graphs, tables, appendices where appropriate. English is the *lingua franca* of the international financial markets and the ability to present ideas in coherent English is an essential part of the learning and testing process.

## Penalties

Each of the two major assignments will be marked out of a maximum that diminishes by 5% for every day late, with a weekend counting as one day. The date of submission will be taken as the date of delivery or the day of postmark, if by post. There will be a final cut off date (normally one week after due date) advised for each assignment, after which no assignment can be accepted.

The major assignments will each carry a specified word limit and the word count must be given (e.g. in MS Word use *tools/word count* or *file/properties/statistics*). If an assignment exceeds the word limit, credit will be given only from the beginning of the assignment up to the word limit. No credit will be given for the portion of work extending beyond the word limit.

## Mandatory Course Requirements

Students must attend all sessions of both block release courses. To pass, a student must obtain an average mark of at least 50% over total course assessment.

## Communication of Additional Information

Additional information including assignment questions, details of the block course schedule, feedback on course assessments, etc will be provided by email or by post. Students are

responsible for ensuring that the VIAF administrator, Bun Wong, has their up to date email and postal addresses.

### **General University Policies and Statutes**

Students should familiarise themselves with the University's policies and statutes, particularly those regarding assessment and course of study requirements, and formal academic grievance procedures.

### **Student Conduct and Staff Conduct**

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps can be taken if there is a complaint. For queries about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor. This Statute is available in the Faculty Student Administration Office or on the website at: [www.vuw.ac.nz/policy/StudentConduct](http://www.vuw.ac.nz/policy/StudentConduct).

The policy on Staff Conduct can be found on the VUW website at: [www.vuw.ac.nz/policy/StaffConduct](http://www.vuw.ac.nz/policy/StaffConduct).

### **Academic Grievances**

If you have any academic problems with your course you should talk to the tutor or lecturer concerned or, if you are not satisfied with the result of that meeting, see the Programme Director, the Head of School or the Associate Dean (Students) of your Faculty. Class representatives are available to assist you with this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website: [www.vuw.ac.nz/policy/AcademicGrievances](http://www.vuw.ac.nz/policy/AcademicGrievances).

### **Academic Integrity and Plagiarism**

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. Plagiarism is **prohibited** at Victoria.

The University defines plagiarism as follows:

Plagiarism is presenting someone else's work as if it were your own, whether you mean to or not.

*'Someone else's work' means anything that is not your own idea, even if it is presented in your own style. It includes material from books, journals or any other printed source, the work of other students or staff, information from the Internet, software programmes and other electronic material, designs and ideas. It also includes the organization or structuring of any such material.*

The above means that copying from other students work (whether materials, results, or the written word), and even excessive collaboration, may amount to plagiarism. Assignments are expected to be your own work in all respects unless explicitly denoted as a group exercise.

***Plagiarism is not worth the risk.***

Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct ([www.vuw.ac.nz/policy/studentconduct](http://www.vuw.ac.nz/policy/studentconduct)) and may be penalized severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- suspension from class or university
- cancellation of your mark for an assessment or a fail grade for the course.

*Find out more about plagiarism and how to avoid it, on the University's website at: [www.vuw.ac.nz/home/studying/plagiarism.html](http://www.vuw.ac.nz/home/studying/plagiarism.html).*

### **Students with Disabilities**

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities an equal opportunity with all other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, then please contact the course coordinator as early in the course as possible. Alternatively you may wish to approach a student adviser from Disability Support Services to confidentially discuss your individual needs and the options and support that are available. Disability Support Services are located on Level 1, Robert Stout Building, or phoning 463-6070, email: [disability@vuw.ac.nz](mailto:disability@vuw.ac.nz). The name of your School's disability liaison person can be obtained from the Administrative Assistant or the School Prospectus.

### **Student Support**

Staff at Victoria want students' learning experiences at the University to be positive. If your academic progress is causing you concern, please contact the relevant course co-ordinator, programme director or Associate Dean who will either help you directly or put you in contact with someone who can.

The Student Services Group is also available to provide a variety of support and services. Find out more at [www.vuw.ac.nz/st\\_services/](http://www.vuw.ac.nz/st_services/) or email [student-services@vuw.ac.nz](mailto:student-services@vuw.ac.nz).

VUWSA employs two Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and faculty delegates. The Education Office is located on the ground floor, Student Union Building, phone 463 6983 or 463 6984, email [education@vuwsa.org.nz](mailto:education@vuwsa.org.nz).