

School of Economics and Finance

## **FINA 306 FINANCIAL ECONOMICS**

Trimester 2, 2013

### **COURSE OUTLINE**

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#### **Names and Contact Details**

Graeme Guthrie (course coordinator)

Room RH 326

Office hours: By appointment

Tel. (04) 463-5763

Email: [graeme.guthrie@vuw.ac.nz](mailto:graeme.guthrie@vuw.ac.nz)

#### **Trimester Dates**

Teaching Period: Monday 15 July – Friday 18 October

Study Period: Monday 21<sup>st</sup> October – Thursday 24 October

Examination Period: Friday 25 October – Saturday 16 November (inclusive)

#### **Withdrawal from Course**

1. Your fees will be refunded if you withdraw from this course on or before Friday 26 July 2013.
2. The standard last date for withdrawal from this course is Friday 27 September. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an '*Application for Associate Dean's Permission to Withdraw Late*' including supporting documentation. The application form is available from either of the Faculty's Student Customer Service Desks.

#### **Class Times and Room Numbers**

Lectures	Monday and Tuesday 10:30-11:20am	RWW413
Tutorials	Tuesday 1:40-2:30pm and 2:40-3:30pm	GBG07

#### **Group Work**

None.

#### **Expected Workload**

The workload for FINA 306 is intended to be similar to that for other 300-level ECON and FINA courses. The total expected workload is 150 hours, comprising 12-13 hours per week.

#### **Prescription**

This course bridges the gap between undergraduate and honours-level study in economics and finance. It reinforces and extends the theoretical basis of decision making as it applies to asset pricing and corporate finance. It is intended for students who have an interest in pursuing honours-level study in economics and finance at VUW.

## **Course Learning Objectives**

By the end of this course, students should be able to:

1. Derive theoretical models of the determination of asset prices from utility maximizing behavior;
2. Explain and apply economic models of individual choice in a static world with uncertainty;
3. Explain and apply economic models of equilibrium goods and asset markets in a static world;
4. Explain and use economic models of equilibrium of goods and asset markets in a multi-period world; and
5. Explain and analyze the characteristics and implications of incomplete markets.

## **Course Content**

The primary aim of FINA 306 is to bridge the gap between undergraduate and honours-level study in economics and finance. It is intended for students who have an interest in pursuing honours-level study in economics and finance at VUW, which is why the prerequisites include a grade of B or better in ECON 201 (Microeconomics).

The course reflects the philosophy that there is an intimate connection between economics and finance. These subjects use the same tools of analysis and assume the same conceptual basis for individual behaviour and social benefit. In the presence of uncertainty and intertemporal decision-making, economics and finance become virtually one subject.

Compared to the other 300-level papers, there will be a greater focus on underlying theoretical concepts and rather less on problem solving. The course will not be especially mathematically demanding. However, the material will be presented in a way that is much more abstract than many students will have seen before.

## **Readings**

There is no set textbook for this course as comprehensive lecture notes will be available from <http://blackboard.vuw.ac.nz/>.

## **Materials and Equipment**

None.

## **Assessment**

The final grade will be determined by a 75-minute test (contributing 30%), an assignment (contributing 20%), and a two-hour final exam (covering the whole course and contributing 50%).

The test will take place at 6:00pm on Wednesday, August 14. The test location will be announced once it has been confirmed.

The assignment is due 10:30am on Monday, September 30 (start of the first lecture in week 10).

All Course Learning Objectives will be covered throughout the duration of the course.

## **Penalties**

Assignments handed in late will not be marked. If a satisfactory medical certificate is provided, the weight from the assignment will be shifted onto the other pieces of assessment; otherwise, the assignment score will be recorded as 0.

### **Examinations**

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period. The final examination for this course will be scheduled at some time during the following period:

Friday 25 October – Saturday 16 November (inclusive)

### **Mandatory Course Requirements**

None.

If you cannot complete an assignment or sit a test or examination, refer to [www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat](http://www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat)

### **Class Representative**

A class representative will be elected in the first class, and that person's name and contact details made available to VUWSA, the course coordinator and the class. The class representative provides a communication channel to liaise with the course coordinator on behalf of students.

### **Communication of Additional Information**

Course documents and other information will be available on the course website at <http://blackboard.vuw.ac.nz>. Announcements will also be posted there.

### **Student feedback**

Student feedback on University courses may be found at [www.cad.vuw.ac.nz/feedback/feedback\\_display.php](http://www.cad.vuw.ac.nz/feedback/feedback_display.php)

### **Link to general information**

For general information about course-related matters, go to <http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>

### **Note to Students**

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

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