

| Degree | Type | Year | Semester |
|---|------|------|----------|
| 4310025 Economics and Business Administration | OT | 0 | 2 |

Contact

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Teachers

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Use of languages

Principal working language: english (eng)

Prerequisites

Fonamentals of Economics and Business I

Fonamentals of Economics and Business II

Objectives and Contextualisation

Foundations of finance: Assets, market behavior, market phenomena, and decisions about saving, consumption and investment. Value creation in financial markets: Required rate of return and asset pricing of shares, bonds and derivatives.

Skills

- Argue the case for and write a precise, clear and concise report of the problems presented in the English language.
- Carry out empirical studies.
- Carry out oral presentations in the English language.
- Contextualise economic problems through the use of formal models that enable quantitative analysis.
- Demonstrate an understanding of the investment and financing coordinates as they affect the financial decisions of the company
- Demonstrate an understanding of the mechanisms and characteristics of balance in financial markets
- Relate financial decision to the company strategy as a whole
- Respect ethical, social and environmental values.
- Show an understanding of decision-making models in the area of real investment project selection, company financing and investment and international financing.
- Show an understanding of the principles of evaluations of basic and derived financial assets
- Show an understanding of the principles of financial investment: portfolio selection and financial investment strategies
- Situate these company financial decisions in the framework of the financial market
- Understand academic research in the areas indicated.

- Understand the time and risk coordinates as they affect the financial markets
- Use different statistical programs to process data.

Learning outcomes

1. Argue the case for and write a precise, clear and concise report of the problems presented in the English language.
2. Carry out empirical studies.
3. Carry out oral presentations in the English language.
4. Contextualise economic problems through the use of formal models that enable quantitative analysis.
5. Demonstrate an understanding of the investment and financing coordinates as they affect the financial decisions of the company
6. Demonstrate an understanding of the mechanisms and characteristics of balance in financial markets
7. Relate financial decision to the company strategy as a whole
8. Respect ethical, social and environmental values.
9. Show an understanding of decision-making models in the area of real investment project selection, company financing and investment and international financing.
10. Show an understanding of the principles of evaluations of basic and derived financial assets
11. Show an understanding of the principles of financial investment: portfolio selection and financial investment strategies
12. Situate these company financial decisions in the framework of the financial market
13. Understand academic research in the areas indicated.
14. Understand the time and risk coordinates as they affect the financial markets
15. Use different statistical programs to process data.

Content

1. Decisions under Uncertainty
2. General Equilibrium under Uncertainty with Complete Markets
3. Portfolio Choice and Saving. Comparative Statics under Uncertainty
4. Incomplete Markets
5. Term Structure of Interest Rates. Bond Management
6. Information, Market Efficiency and Market Regulation
7. Mean-Variance Models: CAPM and APT
8. Share Valuation Models
9. Derivatives: Pricing and Strategies

Methodology

The activities that will allow the students to learn the basic concepts included in this course are:

1. Theory lectures where the instructor will explain the main concepts.

The goal of this activity is to introduce the basic notions and guide the student learning

2. Problem Sets

In some subjects, a problem set which students will have to solve individually or in teams will be included in every unit. The goal of this activity is twofold. On one hand students will work with the theoretical concepts explained in the classroom, and on the other hand through this practice they will develop the necessary skills for problem solving.

3. Practice lectures

The aim of this activity is to comment on and solve any possible doubt that students may have had solving the problem assignment. This way they will be able to understand and correct any errors they may have had during this process.

4. Tutoring hours

Students will have some tutor hours in which the subject instructors will help them solve any doubts they may have.

Activities

| Title | Hours | ECTS | Learning outcomes |
|--|-------|------|---|
| Type: Directed | | | |
| Lectures with ITC support | 37.5 | 1.5 | 5, 8, 9, 10, 14 |
| Resolution of exercises | 37.5 | 1.5 | 4, 5, 8, 9, 10, 14 |
| Type: Supervised | | | |
| Tutoring and monitoring work in progress. In-class presentations | 62.5 | 2.5 | 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 |
| Type: Autonomous | | | |
| Study, Reading, Exercise solving, Essays writing, | 79.5 | 3.18 | 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 |

Evaluation

The module consists of a number of different subjects or parts taught by different professors. The **final mark** for the module will consist of the average of the marks of each subject within the module.

The module is considered successfully passed if:

1. the mark for each subject within the module is higher than or equal to 3.0 (in a 0 to 10 scale), and
2. the **final mark** for that module is higher than or equal to 5.0 (in a 0 to 10 scale).

If the module is not successfully passed the MEBA coordinators will ask the student to re-take the exams for those subjects that, according to the coordinators and the professors opinions, may help the student to successfully pass the module. If the student passes the re-take exam he or she will obtain a mark of 5 for that subject, otherwise the previous grade will remain valid. The calendar for the re-retake exams will be announced along with the grades report

The mark -between 0 and 10- for each subject will be computed by each professor based on his or her own criteria and on the student's performance. As a general rule, 35% of the mark will correspond to the assessment of the continuous work of the student during the course, and 65% will consist of a comprehensive final examination. The duration and nature of the final examination is decided by each professor.

Final exams are compulsory. Re-take exams are only thought for those students having previously written a first exam and failed.

Evaluation activities

| Title | Weighting | Hours | ECTS | Learning outcomes |
|----------------------|-----------|-------|------|---|
| Exercises and essays | 35% | 30 | 1.2 | 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 |
| Final exam | 65% | 3 | 0.12 | 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 |

Bibliography

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- Copeland, T.E., J.F. Weston and K. Shastri. Financial Theory and Corporate Policy. 4Th ed. Addison-Wesley. 2004.
- Gollier, C. The Economics of Risk and Time. MIT Press, 2001.
- de la Grandville, O. Bond Pricing and Portfolio Analysis. Protecting Investors in the Long Run. MIT Press. 2003.
- Hens T. and M.O. Rieger. Financial Economics. A Concise Introduction to Classical and Behavioral Finance. Springer. 2010.
- Hull, J. Options, Futures and Other Derivatives, 8th edition. Prentice Hall, 2012.
- Semmler, W. Asset Prices, Booms and Recessions. 3rd ed. Springer. 2011.