

Financial Economics

Econ 421-001, Spring 2020

Instructor: Denver Casey

Time: M 4:30—7:10

Email: dcasey3@gmu.edu

Place: Robinson B368

Prerequisites: ECON 103, 104, 306, and 311

Office Hours: Buchanan Hall, D150

M — 3 – 4:15

And by appointment

Texts:

- *The Economics of Financial Markets*, R.E. Bailey
- Additional readings will be added as necessary

Overview: This course examines the theoretical models used in financial economics, as well as looking at the financial systems of the U.S. and some international ones. Lectures will coincide with the texts, but will modify and extend the concepts found in the readings.

Grade Composition: 2 Problem Sets (10% each, 20% total), Midterm Exam (30%), Cumulative Final (50%). Problem sets are due at the beginning of the class a week before an exam.

Grade Scale:

$x \geq 90\%$ — A

$90\% > x \geq 88\%$ — B+

$88\% > x \geq 80\%$ — B

$80\% > x \geq 78\%$ — C+

78% > x ≥ 70% — C

70% > x ≥ 60% — D

60% > x — F

Tentative Schedule

The following is a loose schedule of the course. It is subject to changes and should not be considered definitive.

Week and chapters covered:

(1)	Intro to Financial Economics	1
(2)	Intertemporal Choice	3,4
(3)	Portfolio Selection.....	5,6
(4)	Capital Asset Pricing Model (CAPM).....	7,8
(5)	Asset Pricing.....	9
(6)	Exam	N/A
(7)	Spring Break.....	N/A
(8)	Present Value and Intertemporal Choice	10,11
(9)	Bond Markets.....	12, 13
(10)	Futures Markets.....	14, 15
(11)	Futures Markets cont.....	16, 17
(12)	Options Markets.....	18, 19
(13)	Options Markets cont.....	20
(14)	Selected Additional Topics	open
(15)	Conclusion.....	open

Important Dates

First class.....Monday, January 27

Last day to add (drop)Jan 28 (Feb 5)

P.S. 1 DueFebruary 24

1st Exam.....March 2

Unrestricted withdraw deadline.....Monday, February 24

Restricted withdraw deadline.....Monday, March 30

Spring BreakMarch 9-15

P.S. 2 DueMay 4

Last class.....Monday, May 4

Reading days.....Tuesday, May 5

Final Exam.....Monday, May 11

(Note: Final Exam is scheduled 4:30 — 7:15 PM)

General Policies

- Regular attendance is strongly recommended. The readings are intended to serve as a foundation so that you can understand the lecture. PowerPoints used in the lectures will be made available online after class, but they will not contain all the information relayed in the lecture.
- Problem Sets are due at the beginning of class. As we will go over the answers in class, *late problem sets will receive a score of zero*. Collaboration on Problem Sets is allowed, but each student is responsible for turning in their own set.
- You will need a blue (or green) book for each exam, which are available in the bookstore. Failure to use a blue (or green) book for an exam will result in a 15% penalty. Exam layouts will be discussed in class prior to the exam.
- **Electronic device policy:** During lectures, laptops and cell phones are permitted provided that they do not cause a disturbance. Disruptive students will be asked to leave. The use of audio recorders is not allowed.
 - No electronics are allowed during an exam, including calculators capable of text storage. Simple calculators are allowed for computational use only. Use of a prohibited device during an exam constitutes cheating.
- Exams are governed by the University's academic honesty policy. Cheating results in a zero score.
- No student may leave a Midterm (Final) Exam until 30 (45) minutes have elapsed. No student may enter an exam after anyone has left.
- Should you miss a midterm exam for whatever reason, you may increase the weight of the cumulative final by the missed amount.

- Students must use their MasonLive email to receive any important information about this class. Check your email regularly.
- **Elastic Clause:** I reserve the right to make changes to this syllabus throughout the course as needed.

Additional Information

Disability Accommodations: If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Services (ODS) at 993-2474, <http://ods.gmu.edu>. All academic accommodations must be arranged through the ODS. Approved accommodations supersede General Policies where applicable.

Academic Honesty: Mason is an Honor Code university; please see the Office for Academic Integrity for a full description of the code and the honor committee process. The principle of academic integrity is taken very seriously and violations are treated gravely. What does academic integrity mean in this course? Essentially this: when you are responsible for a task, you will perform that task. When you rely on someone else's work in an aspect of the performance of that task, you will give full credit in the proper, accepted form. When in doubt (of any kind) please ask for guidance and clarification