Financial Markets and Analysis  
(November 2nd, 2017)

Fall 2018 
Location: TBA  
Schedule: Tue, Thu 10 – 11:30am

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This course is a rigorous introduction to financial markets and financial institutions, and their purpose and functions in the economy. In financial markets trade is, essentially, "money now" for "money in the future." As such, financial decisions must often take into account future events, whether those be related to individual stocks, portfolios or the market as a whole. This class explores the topics related to the level and structure of interest rates and of stock prices, portfolio choice, basic investment theory, and arbitrage pricing theory, among others.

1. Course Materials

The required materials for the course are the lecture notes (complemented by discussions and amendments in class).

The textbook for this course is “Investments” by Bodie, Kane and Marcus, 2017 (BKM). The lecture notes may be complemented by research articles, case studies and other readings. Any additional material will be made available in due time via Blackboard.

2. Grading

- Final exam (closed book) 40%
- Midterm (closed book) 30%
- Coursework 30%

3. Pre-requisites

Courses:

Students should be familiar with a utility function and budget constraint and can solve utility maximization problems (take first order conditions). Basic calculus is necessary. Knowledge of the expectation and variance of random variables is recommended.
4. **Course Topics**

- Introduction to Financial Markets
- Portfolio Theory & Mean-Variance Optimization
- The Capital Asset Pricing Model
- Factor Models and APT
- Bonds & Bond Portfolio Management
- Term Structure of Interest Rates
- Foreign Exchange & Derivatives
- Market Efficiency & Anomalies
- Household Finance