ECON 3050 A - Introduction to Financial Economics

Instructor: Professor F. Demers
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Office Hours: To be announced

Lectures: Thursday 2:35pm-5:25pm.
Place: ME 4494

Prerequisites: ECON 1000 or FYSM 1003 with a grade of C- or higher, ECON 1402 (or equivalent) with a grade of C- or higher, and BUSI 1002 or BUSI 1005 with a grade of C- or higher. Precludes additional credit for BUSI 2504, ECON 2504 (no longer offered), BUSI 2505, ECON 2505 (no longer offered).

Please note that elementary mathematics will be used in this course.

Required Text:

Additional readings or material may be assigned during the term. Adjustments may be made to the following outline during the course of the term depending on time constraints.

COURSE OUTLINE (Tentative, time permitting)

I. Introduction and Principles of Financial Statement Analysis
   BDHSM Chapters 1 and 2.

II. Valuing Cash Flows, Interest Rates and the Time-Value of Money
   BDHSM Chapters 3 – 6.

III. Valuing Stocks and the Discounted Free Cash Flow Model
    BDHSM Chapter 7

IV. Investment Decision Rules: Net Present Value and the Internal Rate of Return Rule
    BDHSM Chapter 8

V. Risk and Return in Capital Markets
   BDHSM Chapter 10

VI. Systematic Risk, Market Portfolio, the CAPM and the Equity Premium
    BDHSM Chapter 11

VII. Determining the Cost of Capital
    BDHSM Chapter 12

Grading:

- Mid-term examination (October 19) 30%
- 2 assignments (10% each) 20%
- Final examination (scheduled by the University) 50%

Students who miss the midterm exam for a valid reason (documented appropriately) will have the associated weight added to that of the final exam. Should the final exam be missed for any reason, the student must arrange for the possibility of a deferred examination through the Registrar’s Office. If granted by the Registrar’s Office, this exam will take place during the time designated in the Calendar. Special final exams (or mid-terms) will not be given. The final exam will cover the entire course material but more weight will be given to topics covered after the mid-term.

No course grades are final until approved by the Faculty Dean.

Two assignments will be given to complement the lectures and will be marked for credit. It is strongly recommended that students do them carefully in order to improve their understanding of classroom
material. Late assignments will not be graded, but provided the student has a valid reason (documented appropriately), the weight of the assignment will be added to that of the final exam.

This course will make use of CuLearn. It is each student’s responsibility to check this website for posted material. If you do not have a CuLearn account, please visit: www.carleton.ca/culearn

Please also note: "Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s)."

Re-marking:

Any request for the remarking of exams or assignments must be submitted in writing within two weeks of that assignment or exam first being returned to the class. The request should contain a detailed explanation of why you feel you should receive a higher mark. Please note that remarking will apply to the entire assignment or exam, and not just to the contentious question. As a result, the revised mark may be higher than, lower than or the same as the original mark.

Academic Accommodation Requests:

Student may need special arrangements to meet their academic obligations during the term because of disability, pregnancy, or religious obligations. Please review the course outline promptly and write to the instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist.

Students with disabilities requiring academic accommodations in this course must register with the Paul Menton Centre for Students with Disabilities (PMC) for a formal evaluation of disability-related needs. Documented disabilities could include, but are not limited to, mobility/physical impairments, specific Learning Disabilities (LD), psychiatric/psychological disabilities, sensory disabilities, Attention Deficit Hyperactivity Disorder (ADHD), and chronic medical conditions. Registered PMC students are required to contact the PMC (telephone: 613-520-6608) every term to ensure that their instructors receive their Letter of Accommodation no later than two weeks before the first assignment is due or the first in-class test/midterm requiring accommodations. Students requiring accommodations for their formally scheduled exam(s) only in this course must submit their requests for accommodations to the PMC by November 10, 2017 for the fall term and March 9, 2018 for the winter term. (See http://calendar.carleton.ca/academicyear/undergrad/)

See the Equity Services Web site at www.carleton.ca/equity/accommodation to obtain more detailed information on academic accommodation to view the associated policies.

Plagiarism:

Please be aware that plagiarism is a serious offence at Carleton and should be recognized and avoided. For further information on how to do so, please see “Pammett on Plagiarism and Paraphrasing” at www.carleton.ca/economics/courses/writing-preliminaries.