ECON 5058
ADVANCED TOPICS IN FINANCIAL ECONOMICS

Professor M. Demers
Loeb B-855
Phone: 520-2600 EXT 3772
Email mdemers@connect.carleton.ca
Office Hours: Tuesday 2:30 PM to 4:30 PM
And by appointment.

Lecture: Tuesday 2:35 pm - 5:25 pm
Place: University Residence Commons CO 212

TEXTBOOKS


READINGS AND ASSIGNMENTS

Specific readings will be assigned in class. Problems will be assigned. Topics could be added to this list.

TOPICS

1. Derivatives

   - Futures markets
   - Hedging using futures
   - Forward and futures prices
   - Options markets
   - Properties of stock options
   - Binomial trees
   - The Binomial Option Pricing model
   - Wiener processes and Ito’s lemma
   - Risk neutral valuation
   - The Black-Scholes-Merton model
   - Options on stock indices and currencies
   - Futures options
Hull chapters 1-13, 15-19, 22 and 23.
Benninga chapters to be announced
Cvitanic and Zapatero to be announced.

2. Behavioural Finance (if time permits)

- Are Financial Markets Efficient?
- Noise Traders
- Professional Arbitrage
- Investor Sentiment
- Underreaction and overreaction in financial markets

Shleifer ch 1,2,4,5

COURSE EVALUATION:

The course evaluation consists of the following:
Mid-term 40% Thursday February 26, 2009 (could be partly or entirely a take-home, to be announced)
Final 60% formally scheduled during the examination period.

Re-marking: Any request for remarking must be submitted in writing within two weeks of that piece of work 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 work not just the contentious issue. As a result, the revised mark may be higher than, lower than or the same as the original mark.

ACCOMMODATION

Students with disabilities needing academic accommodations are required to contact a coordinator at the Paul Menton Centre to complete the necessary letters of accommodation. The student must then make an appointment to discuss their needs with the instructor at least two weeks prior to the first class test. Please note that the deadline for submitting completed forms to the PMC for formally scheduled exam accommodations is March. For other requests for academic accommodation, consult the Equity Services Website or an Equity Advisor (ext. 5622).