Carleton University | Department of Economics

ECON 5022 F - Fall 2026
Economic Theory for Financial Analysis

Instructor: Professor Lanny Zrill
Email Address: lannyzrill@cunet.carleton.ca
Office Location: See Brightspace course page for location
Office Hours: By appointment.

Course Delivery: In-Person (see Brightspace course page for classroom location)
Course Day and Time: Mondays, 6:05 pm – 8:55 pm

Brightspace Course Page: Here.

Course Description
Concepts in microeconomic theory and macroeconomic theory for financial analysis. Topics may include optimizing consumer and firm behaviour, optimal portfolio choice, consumption-based asset pricing, frictions in financial markets, growth and business cycles, monetary and fiscal policy.

I will use algebra, calculus, and some basic time-series econometrics in the course. In some lectures, I will use MATLAB to illustrate model properties. **Throughout the course, I will be using the board extensively to present the course material.**

Preclusions and Prerequisites
Enrolment in Master of Finance program. Not open to students in the MA Economics program.

Class Schedule and Topics

Lectures on September 14, 21, 28, October 5, and 19 will cover the following microeconomics-oriented topics:

1. Consumer Behaviour and Financial Markets
2. Risk and Uncertainty in Decision Making
3. Firm Behaviour and Market Structure

Lectures on November 9, 16, 23, 30, December 7, and 11[1] will cover the following macroeconomics-oriented topics:

4. Economic Growth

[1] Follows a Monday schedule

5. Business Cycles
6. Aggregate Economy and Macroeconomic Policies

There is no required textbook for the course. A set of lecture notes will be provided. These notes along with the in-class lectures will constitute the main source of information for students. During the course, there may be some updates to the lecture notes. The lecture notes are not a substitute for in-class lectures. Any additional readings assigned in the lectures will be from academic journals available through the library.

Course Learning Outcomes

Be able to:

- Understand basic economic concepts such as demand, supply, equilibrium, opportunity cost, trade-offs, elasticity, among others
- Understand microeconomic foundations (preferences), concepts such as income and substitution effects of an economic change
- Set up and solve dynamic optimizing decision-making problems by consumers and firms
- Analyze the effects of changes in interest rates on saving/investment behaviour
- Understand the role of risk, uncertainty decision-making using expected utility theory
- Understand the portfolio choice problem of an investor in financial markets
- Apply economic models to study a range of topics relevant for financial analysis: consumption, risk, asset pricing, housing market, equity premium, market frictions, economic growth, and business cycles
- Use the canonical 3-equation New Keynesian model for short-run analysis and describe the role of macroeconomic stabilization policies in the face of economic and financial shocks

Formal Assessments

Type	**Date**	**Mode**	**Percentage**
Class Participation	Lectures	In-person	5%
Mid-term Exam	November 2	In-person	30%
Final Exam (cumulative)	TBA	In-person	65%
Total			**100%**

Homework exercises will be given to help practice and absorb the material presented in the lectures. There is no grade associated with these but there will be a good degree of correlation between the exercises and the formal assessments of learning mentioned above. <u>Students are strongly encouraged to work by themselves without any external assistance (the web, AI, a classmate, or a friend).</u> Only after making an initial attempt, you may choose to seek external assistance to compare/contrast your answers. You are expected to bring your <u>own work</u> to the class and participate in class discussions and learning material reviews. This may require students to explain their work either verbally or on the board.

AI use policy: Since there is no take-home assessment or a capstone project, there is no restriction on the use of AI in this course.

Midterm Policy

- In-class, hand-written on answer sheets
- No makeup midterm
- If you miss the midterm for any valid reason, then the weight will be transferred to the final exam

Deferred Final Exam

Students who do not write the final examination because of illness or other circumstances beyond their control may apply to write a deferred final examination by contacting the Registrar's Office no later than three working days after the original final examination was scheduled. In the event that a student writes a deferred examination, the deferred examination will carry the same weight as the final examination in determining the course grade. Any deferred examination will not be identical to the original final examination.

Carleton University Policies

You are responsible for reading and knowing the information about the rules and regulations that apply to graduate students. Carleton University resources, and academic accommodations can be found HERE.

Course Policy

No audio or video recording of the lecture is permitted. Cell phones must be put in a silent mode or turned off during the lecture.