

Course Descriptions None 2013-2014

Course Title Macroeconomics and Finance
 Course Code EBC2001
 ECTS Credits 6,5
 Assessment None

Period	Start	End	Mon	Tue	Wed	Thu	Fri
1	2-9-2013	25-10-2013			X		X

Level Introductory
 Coordinator Gildis Blanchard For more information: g.blanchard@maastrichtuniversity.nl
 Language of instruction English

Goals

Finance part:
 -Understand what finance theory says about how risky securities are priced in equilibrium.
 -Understand the implications of the previously mentioned points for risky investment valuation.
 - Understand how the optimal capital structure of a firm is determined.
 -Learn about derivatives and their use as risk management tools by firms and investors.
 - Learn about the valuation of derivatives.

Macro part:
 -Understand the factors underlying exchange rates
 -Understand the relative (in)effectiveness of monetary and budgetary policy in open economies
 -Understand the conditions under which monetary union is sustainable, its advantages and drawbacks
 -Understand the triggers of financial crises

Description The 1st (finance) part deals with basic issues in finance, such as risk diversification and asset pricing, investment valuation, market efficiency, capital structure, derivatives.
 The 2nd (macro) part of the course deals with models of exchange rate determination, basic macromodels of aggregate supply and demand, evaluating the relative effectiveness of government policies within these frameworks, models of financial crises, theory and practical implications of optimum currency areas.

Literature Berk & DeMarzo, Corporate Finance, Pearson, 1st ed., (2007)

Prerequisites Krugman, P.R. and M. Obstfeld, International Economics, Theory and Policy, 8th edition, Addison Wesley

Students are expected to understand the following finance concepts: Types of securities (stocks, bonds) and their returns; Markowitz' portfolio theory (risk-return relationships, efficient frontier, security market line), CAPM (capital market line, beta); definitions and implications of market efficiency; principles of time value of money; basic statistical concepts like mean, variance, correlation and how to calculate them.

Students are expected to master the following macro concepts: standard macro models like the IS-LM model; comparative statics on the equilibria within such models; the relative effectiveness of monetary and fiscal policies under fixed and flexible exchange rates regimes.

Teaching methods PBL / Presentation / Lecture / Assignment
 Assessment methods Participation / Written Exam

Evaluation in previous academic year For the complete evaluation of this course please click <http://iwio-sbe.maastrichtuniversity.nl/rapporten.asp?referrer=codeUM>

This course belongs to the following programme / specialisation Bachelor Econometrics and Operations Research Year 2 Compulsory Courses