

## Course Descriptions None 2019-2020

Course Title	Macroeconomics and Finance																
Course Code	EBC2001																
ECTS Credits	6,5																
Assessment	Whole/Half Grades																
Period	<table border="1"> <thead> <tr> <th>Period</th> <th>Start</th> <th>End</th> <th>Mon</th> <th>Tue</th> <th>Wed</th> <th>Thu</th> <th>Fri</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2-9-2019</td> <td>25-10-2019</td> <td></td> <td>X/E</td> <td></td> <td>X/E</td> <td></td> </tr> </tbody> </table>	Period	Start	End	Mon	Tue	Wed	Thu	Fri	1	2-9-2019	25-10-2019		X/E		X/E	
Period	Start	End	Mon	Tue	Wed	Thu	Fri										
1	2-9-2019	25-10-2019		X/E		X/E											
Level	Introductory																
Coordinator	Jaap Bos, Clemens Kool For more information:j.bos@maastrichtuniversity.nl; c.kool@maastrichtuniversity.nl																
Language of instruction	English																
Goals	<ul style="list-style-type: none"> <li>* Understand and use the concepts of nominal, real and effective exchange rates</li> <li>* Understand and use arbitrage (parity) relations in foreign exchange</li> <li>* Understand and use short-run and long-run exchange rate determinants</li> <li>* Understand and use a simple IS-LM-FX model for a small open economy under fixed and floating exchange rates</li> <li>* Understand and use the IS-LM-FX model for short-run macroeconomic policy analysis</li> <li>* Understand and use the differences and similarities between a fixed exchange and a monetary (currency) union</li> <li>* Compute the return and volatility of stocks and portfolios of stocks</li> <li>* Understand the (theoretical) trade-off between risk and return, and how to select an efficient portfolio</li> <li>* Understand the (assumptions behind the) CAPM and its practical use</li> <li>* Estimate CAPM betas for different industries using time series data and their relation to risk-return trade-offs</li> <li>* Compute the cost of capital for a firm or an investment opportunity</li> <li>* Understand multifactor models of risk, e.g. the Fama-French-Carhart model</li> <li>* Compute the value of a firm and understand the Law of One Price</li> <li>* Understand the (assumptions behind the) Modigliani-Miller (MM) theorem</li> <li>* Understand how deviations from MM affect the optimal capital structure</li> <li>* Understand the valuation and use of financial options in risk management</li> </ul>																
Description	<p>In this course, we focus on a limited number of specialized topics in international macroeconomics and finance. These are:</p> <ul style="list-style-type: none"> <li>* Short-run and long run determinants of the exchange rate and the role of the exchange rate as an adjustment mechanism between countries</li> <li>* The effectiveness of monetary and fiscal stabilization policies in open economies under fixed and floating exchange rate regimes</li> <li>* The special case of a currency union: the euro area</li> <li>* The role of risk and return in asset pricing and optimal portfolio composition</li> <li>* The determinants of the choice between debt and equity (capital structure) in funding a firm's operations</li> <li>* Financial risk management and the use of options</li> </ul>																
Literature	<ul style="list-style-type: none"> <li>* Berk &amp; DeMarzo, Corporate Finance, Pearson, 4th ed., 2017</li> <li>* Feenstra R.C., A.M. Taylor, International Macroeconomics, MacMillan, 4th (int'l) ed., 2017</li> </ul>																
Prerequisites	Students are expected to be familiar with the standard concepts taught in 1st year undergraduate Macroeconomics and Finance courses.																
Teaching methods	PBL / Presentation / Lecture / Assignment																
Assessment methods	Participation / Written Exam / Presentation																
Evaluation in previous academic year	For the complete evaluation of this course please click <a href="http://iwio-sbe.maastrichtuniversity.nl/rapporten.asp?referrer=codeUM">http://iwio-sbe.maastrichtuniversity.nl/rapporten.asp?referrer=codeUM</a>																
This course belongs to the following programme / specialisation	<table border="0"> <tr> <td>Bachelor Econometrics and Operations Research</td> <td>Year 2 Compulsory Course(s)</td> </tr> <tr> <td>SBE Exchange Bachelor</td> <td>Bachelor Exchange Courses</td> </tr> <tr> <td>SBE Exchange Master</td> <td>Bachelor Exchange Courses</td> </tr> <tr> <td>SBE Non Degree Courses</td> <td>Bachelor Courses</td> </tr> </table>	Bachelor Econometrics and Operations Research	Year 2 Compulsory Course(s)	SBE Exchange Bachelor	Bachelor Exchange Courses	SBE Exchange Master	Bachelor Exchange Courses	SBE Non Degree Courses	Bachelor Courses								
Bachelor Econometrics and Operations Research	Year 2 Compulsory Course(s)																
SBE Exchange Bachelor	Bachelor Exchange Courses																
SBE Exchange Master	Bachelor Exchange Courses																
SBE Non Degree Courses	Bachelor Courses																