

Course Title	Macroeconomics and Finance
Course Code	EBC2001
ECTS Credits	6,5
Assessment	Whole/Half Grades

Level	Introductory
Coordinator	Stefan Straetmans, Diogo Sampaio Lima For more information:s.straetmans@maastrichtuniversity.nl; d.sampaiolima@maastrichtuniversity.nl

Goals	<ul style="list-style-type: none"> * Understand and use the concepts of nominal, real and effective exchange rates * Understand and use arbitrage (parity) relations in foreign exchange * Understand and use short-run and long-run exchange rate determinants * Understand and use a simple IS-LM-FX model for a small open economy under fixed and floating exchange rates * Understand and use the IS-LM-FX model for short-run macroeconomic policy analysis * Understand and use the differences and similarities between a fixed exchange and a monetary (currency) union * Compute the return and volatility of stocks and portfolios of stocks * Understand the (theoretical) trade-off between risk and return, and how to select an efficient portfolio * Understand the (assumptions behind the) CAPM and its practical use * Estimate CAPM betas for different industries using time series data and their relation to risk-return trade-offs * Compute the cost of capital for a firm or an investment opportunity * Understand multifactor models of risk, e.g. the Fama-French-Carhart model * Compute the value of a firm and understand the Law of One Price * Understand the (assumptions behind the) Modigliani-Miller (MM) theorem * Understand how deviations from MM affect the optimal capital structure * Understand the valuation and use of financial options in risk management
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In this course, we focus on a limited number of specialized topics in international macroeconomics and finance. These are:

- * Short-run and long run determinants of the exchange rate and the role of the exchange rate as an adjustment mechanism between countries
- * The effectiveness of monetary and fiscal stabilization policies in open economies under fixed and floating exchange rate regimes
- * The special case of a currency union: the euro area
- * The role of risk and return in asset pricing and optimal portfolio composition
- * The determinants of the choice between debt and equity (capital structure) in funding a firm's operations
- * Financial risk management and the use of options

Prerequisites	Students are expected to be familiar with the standard concepts taught in 1st year undergraduate Macroeconomics and Finance courses.
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Assessment methods	Participation / Written Exam / Presentation
1. Written exam	100%
2. Oral presentation	100%
3. Participation in class	100%
4. Group work	100%
5. Self-reflection	100%
6. Peer-reflection	100%
7. Final exam	100%
8. Final project	100%
9. Final report	100%
10. Final presentation	100%
11. Final reflection	100%
12. Final evaluation	100%
13. Final feedback	100%
14. Final assessment	100%
15. Final certification	100%
16. Final diploma	100%
17. Final degree	100%
18. Final title	100%
19. Final honor	100%
20. Final recognition	100%
21. Final approval	100%
22. Final acceptance	100%
23. Final consent	100%
24. Final agreement	100%
25. Final understanding	100%
26. Final knowledge	100%
27. Final wisdom	100%
28. Final insight	100%
29. Final perception	100%
30. Final awareness	100%
31. Final realization	100%
32. Final achievement	100%
33. Final success	100%
34. Final accomplishment	100%
35. Final fulfillment	100%
36. Final completion	100%
37. Final conclusion	100%
38. Final result	100%
39. Final outcome	100%
40. Final effect	100%
41. Final impact	100%
42. Final influence	100%
43. Final contribution	100%
44. Final value	100%
45. Final worth	100%
46. Final importance	100%
47. Final significance	100%
48. Final meaning	100%
49. Final purpose	100%
50. Final goal	100%
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59. Final imagination	100%
60. Final creativity	100%
61. Final innovation	100%
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63. Final discovery	100%
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145. Final finding	100%
146. Final result	100%
147. Final outcome	100%
148. Final effect	100%
149. Final impact</	

This course belongs to the following programme / specialisation	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