Course Descriptions NonDegree 2022-2023

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

Period

Period	Start	End	Mon	Tue	Wed	Thu	Fri
1	5-9-2022	21-10-2022	X	X		X	

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

Goals

* 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

Description

PLEASE NOTE THAT THE INFORMATION ABOUT THE TEACHING AND ASSESSMENT METHOD(S) USED IN THIS COURSE IS WITH RESERVATION. A RE-EMERGENCE OF THE CORONAVIRUS AND NEW COUNTERMEASURES BY THE DUTCH GOVERNMENT MIGHT FORCE COORDINATORS TO CHANGE THE TEACHING AND ASSESSMENT METHODS USED. THE MOST UP-TO-DATE INFORMATION ABOUT THE TEACHING/ASSESSMENT METHOD(S) WILL BE AVAILABLE IN THE COURSE SYLLABUS.

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

Literature

* Berk & DeMarzo, Corporate Finance, Pearson, 4th ed., 2017
* Feenstra R.C., A.M. Taylor, International Macroeconomics, MacMillan, 4th (int'l) ed., 2017

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 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 Course(s)
SBE Exchange Bachelor	Bachelor Exchange Courses
SBE Exchange Master	Bachelor Exchange Courses
SBE Non Degree Courses	Bachelor Courses