

Economics 340
Financial Markets and Institutions

Summer 2009: 05/26 thru 07/02/2009

M-F 10.30-11.45am, Room: TBA

Instructor: Aekkanush (Noi) Nualsri

Office: TBA

Office Hours: Mon and Tue 9.00 -10.15am (or by appointment)

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Prerequisite

Economics 120, Economics 130 or 131

Course Description

This course will provide students with a basic understanding of financial system. Focus will be given to the development of financial markets and major financial institutions; risk and term structure of interest rates; efficient markets theory and models of asset pricing; risk management and financial derivatives; international financial system; and causes and consequences of financial crises.

Required Text Book

Mishkin, Frederic and Stanley G. Eakins [*Financial Markets & Institutions*](#) , 6th edition.

Other Materials

Articles and other materials that I have found useful for gaining insight into the working of financial markets & institutions, and the U.S. financial crisis will be assigned in class.

Grading

Midterm Exam 30%

Final Exam 30%

Homework Assignments 20 %

Unannounced Quizzes 20%

Final grades will range from A-F with plus/minus grading. Engaging in any form of academic dishonesty, such as plagiarism and cheating, will result in an automatic failure of the course. Classes will employ a lecture/discussion format. You are expected to attend all class sessions, read assigned materials prior to class, participate in class discussions, turn in completed homework assignments, and review the class notes and other relevant materials after class. If you have any questions or concerns regarding this course, please feel free to email me or come by my office during office hours.

Exams and Quizzes

The midterm and final exams are in-class and closed book. Each exam will be a combination of multiple choice, true or false, fill in the blank, and short essay questions. There will be no make-up exams except under truly extraordinary circumstances.

Several unannounced short quizzes will also be administered throughout the semester as a way of checking attendance. The short quizzes (multiple choice, true or false) will usually cover material from the previous day, or the day before.

Homework Assignments

I will assign homework on a weekly basis. Homework assignments will generally be composed of end-of-chapter problems from the textbook. Short-essay assignments based on other class materials may be assigned occasionally. Students must turn in complete homework assignments at the beginning of the class on the due date. Emailed, faxed, or late assignments will not be accepted.

Tentative Course Schedule

Week 1 (May 26 - May 29)

- ch.1 Why Study Financial Markets and Institutions?
- ch. 2 Overview of the Financial System

Week 2 (June 1 - June 5)

- ch. 3 What Do Interest Rates Mean and What Is Their Role in Valuation?
- ch. 4 Why Do Interest Rates Change?
- ch. 5 How Do Risk and Term Structure Affect Interest Rates?

Week 3 (June 8 - June 10)

- ch.13-14 The Foreign Exchange Market and the International Financial System

Midterm Exam: Friday, June 12

Week 4 (June 15 - June 19)

- ch.11,6,Appendix 4.1 The Stock Market, Efficient Markets Theory and Models of Asset Pricing

Week 5 (June 22 - June 26)

- ch. 15 Why Do Financial Institution Exist?
- ch. 17 Banking and the Management of Financial Institutions
- ch. 20 Banking Regulation

Week 6 (June 29- July 1)

- ch. 24 Risk Management in Financial Institutions
- ch. 25 Hedging with Financial Derivatives

Comprehensive Final Exam: Thursday, July 2