

Huron University College
The Firm and Financial Markets

Economics 2121A

Monday 6:30-9:30 in V210

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Office hours Office hours Monday 4-5

Prerequisite(s): Economics 1021A/B and 1022A/B, or the former Economics 1020.

Course Description

The course will investigate the money and capital markets that are available to firms seeking to finance their investment needs.

Both the microeconomic and macroeconomic forces affecting the prices in these markets will be emphasised. This course does not deal specifically with corporate finance, but rather will cover the economics that affect investment decisions. This class will consist of lectures and discussions.

Course Goals

- 1) To acquire a working knowledge of the major capital markets.
- 2) To gain the ability to analyze the economics that affect debt and equity markets
- 3) To gain exposure to risk management and the methods used to mitigate risk.
- 4) To help prepare for certain aspects of professional exams. (E.g. the Canadian Securities Course)

Course Materials.

Text: Smart, Gitman and Joehnk, *Fundamentals of Investing*, Pearson 2017.

Slides used in class will be posted, however you will have to supplement these slides with your own notes. **THE SLIDES BY THEMSELVES DO NOT COVER EVERYTHING TAKEN UP IN CLASS. ALL MATERIAL COVERED IN CLASS IS SUBJECT TO EXAMINATION REGARDLESS of WHETHER or not it APPEARS ON THE SLIDES.**

Course Outline *

Numbering refers to chapters in the text.

INTRODUCTION

1. The Investment Environment
2. Securities Markets and Transactions
3. Investment Information and Securities Transactions

CONCEPTUAL TOOLS

4. Return and Risk
- 4a. Time Value of Money
5. Modern Portfolio Concepts

INVESTING IN COMMON STOCKS

6. Common Stocks
7. Analyzing Common Stocks
8. Stock Valuation
9. Market Efficiency and Behavioral Finance

INVESTING IN FIXED-INCOME SECURITIES

10. Fixed-Income Securities
11. Bond Valuation

DERIVATIVE SECURITIES

14. Options: Puts and Calls
15. Futures Markets and Securities

PORTFOLIO EVALUATION

Class slides and notes

* NB. The above is a **tentative outline** and is subject to deletions and additions. The **sequence** of the topics taken up may also change. **ALL CHANGES ARE ANNOUNCED IN CLASS** and absence from class is not an excuse for not having knowledge of changes.

The time taken for each of the topics above **will vary significantly**. Therefore, it is difficult to attribute exact dates to each topic. Generally speaking each weekly class will deal with one chapter from the above topics.

Assessment.

There will be two midterm tests, a participation mark and a final exam.

The participation mark consists of class exercises or quizzes, on line quizzes or assignments and active participation in class.

The weights of each assessment are as follows:

Term test I..... 25%

Term test II..... 25%

Quizzes *..... 10%

Final exam..... 40%

- Quizzes are unannounced. There will be four or five. Absolutely no makeup assignments etc. will be given for missed quizzes.

No makeup tests will be given. A student who misses a test or a **quiz** must inform the professor PRIOR to the date of the test and provide documentation to the academic advising office (not the professor) and if this documentation is accepted as a valid reason for missing a test then (and only then) the weight of the missed test will be reallocated to the final exam. This is **the only method** of accommodation for missed tests that will be used in this course. **No make assignments will be given for missed participation activities.**

Test Dates.

Mid-Term Test I Oct 1

Mid-Term Test II..... Nov 5.

Final..... set by registrar.



The Appendix to Course Outlines is posted on the OWL course site.