Peking University HSBC Business School
Financial Economics, 1st Module Fall 2013

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Teaching Assistants: TBD

This course provides a basis in the neoclassical theory of finance that underlies other finance courses. This course is primarily concerned with static theories of finance. It will convey more conceptual understanding of finance than complicated mathematical derivations. After this course, students should be prepared for advanced courses in finance, such as dynamic theories, continuous time finance, empirical finance, and corporate finance.

Students are required to attend all the lectures and present their name cards during the lectures at all time. In addition, there will be a one hour of discussion section each week led by the TA. Attending the discussion sections is optional.

Although there are no required textbooks, the following textbooks are recommended:
1. Stephen F. Leroy & Jan Werner, *Principles of Financial Economics*, Cambridge University Press, 2001
2. John H. Cochrane, *Asset Pricing*, Princeton University Press, 2001
3. Jonathan E. Ingersoll, *Theory of Financial Decision Making*, Rowman & Littlefield, 2000
4. Jiang Wang, *Financial Economics* (in Chinese), Renmin Publishing, 2005

The class grade will be based on 3-5 exams (70%), two homework assignments--one data & one essay (20%), and class attendance & participation (10%).

Course Outline:	Hrs
1. Administration & Stylized Facts	4
2. Market Efficiency & Investment Framework	2
3. Portfolio-Consumption Problem & No Arbitrage Principle	4
4. Market Completeness & Fundamental Theory of Finance	4
5. Factor Structure & Arbitrage Pricing Theorem	3
6. Options & Derivatives	4
7. Continuous Time Finance & Black-Scholes Formula	2
8. Corporate Finance	2
9. Expected Preference Theory & Behavioral	2
10. Portfolio Theory	2
11. Consumption Beta Theory	4
12. Capital Asset Pricing Model	3

Class Schedule:

Sun	Mon	Tue	Wed	Thu	Fri	Sat
9/1	9/2	**9/3**	9/4	9/5	**9/6**	9/7
9/8	9/9	**9/10**	9/11	9/12	**9/13**	9/14
9/15	9/16	**9/17**	9/18	9/19	**9/20**	9/21
9/22	9/23	**(9/24)**	9/25	9/26	**(9/27)**	9/28
~~9/29~~	~~9/30~~	~~10/1~~	~~10/2~~	~~10/3~~	~~10/4~~	~~10/5~~
10/6	10/7	**10/8**	10/9	10/10	**10/11**	10/12
10/13	10/14	**(10/15)**	10/16	10/17	**(10/18)**	10/19
10/20	10/21	**10/22**	10/23	10/24	**(10/25)**	10/26
10/27	10/28	**10/29**	10/30	10/31	**11/1**	11/2
11/3	11/4	**11/5**	11/6	11/7	**(11/8)**	11/9

Classes meet for 12 times on the non-parenthesized, highlighted dates above from 9:10 am to 12:00 noon.