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City University of Hong Kong
Course Syllabus

offered by Department of Economics and Finance
with effect from Semester A 2017/18

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Part I   Course Overview

Course Title:	**Financial Economics**
Course Code:	**EF4823**
Course Duration:	**1 semester**
Credit Units:	**3**
Level:	**B4**
Proposed Area: *(for GE courses only)*	☐Arts and Humanities ☐Study of Societies, Social and Business Organisations ☐Science and Technology
Medium of Instruction:	**English**
Medium of Assessment:	**English**
Prerequisites: *(Course Code and Title)*	**MS3601 Optimization Methods AND** **EF4822 Financial Econometrics**
Precursors: *(Course Code and Title)*	**Nil**
Equivalent Courses: *(Course Code and Title)*	**Nil**
Exclusive Courses: *(Course Code and Title)*	**Nil**

Part II   Course Details

1.   Abstract

The objective of the course is to present both theoretical issues and material of   practical value in financial economics and to develop students' analytical skills and economic sense of the financial markets through lectures, problem assignments, reading assignments, projects and discussions.

2.   Course Intended Learning Outcomes (CILOs)
(CILOs state what the student is expected to be able to do at the end of the course according to a given standard of performance.)

No.	CILOs	Weighting* (if applicable)	Discovery-enriched curriculum related learning outcomes (please tick where appropriate)		
			A1	*A2*	*A3*
1.	Understand the concept of the stochastic discount factor, the Euler pricing restrictions and their relation to traditional portfolio analysis		√	√	√
2.	Understand fundamental asset pricing models such as the CAPM and consumption CAPM in detail			√	√
3.	Understand the testing of asset pricing models with the use of cross sectional regressions			√	√

A1:   Attitude
Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2:   Ability
Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to self-life problems.

A3:   *Accomplishments*
Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

3.   Teaching and Learning Activities (TLAs)
(TLAs designed to facilitate students' achievement of the CILOs.)

TLA	Brief Description	CILO No.			Hours/week (if applicable)
		1	2	3	
1	Lectures	√	√	√	
2	Project	√	√	√	

4.   Assessment Tasks/Activities (ATs)
(ATs are designed to assess how well the students achieve the CILOs.)

Assessment Tasks/Activities	CILO No.			Weighting*	Remarks
	1	2	3		
Continuous Assessment: 60%					
Assignments	√	√	√	40%	
Projects	√	√	√	20%	
Examination: 40% (duration: 3 hours, if applicable)					
Examination	√	√	√	40%	
				100%	

5. **Assessment Rubrics**

(Grading of student achievements is based on student performance in assessment tasks/activities with the following rubrics.)

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B, B-)	Fair (C+, C, C-)	Marginal (D)	Failure (F)
Coursework and Examination		Demonstrate very strong knowledge in the subject, and a superior grasp of the critical issue and techniques	Demonstrate good knowledge in the subject, and a good grasp of the critical issue and techniques	Demonstrate adequate knowledge in the subject, and adequate grasp of the critical issue and techniques	Demonstrate limited knowledge in the subject, and some idea of the critical issue and techniques	Demonstrate very little knowledge in the subject, and no awareness of the critical issue and techniques

Part III   Other Information (more details can be provided separately in the teaching plan)

1. **Keyword Syllabus**

   Capital Markets, Asset Pricing, Stochastic Discount Factor, Optimal Portfolio, Mean-Variance analysis, Cross sectional regression, Euler restrictions, GMM, CAPM, Consumption CAPM, Conditional CAPM, Conditional consumption CAPM, ICAPM, Human capital, Evaluation of asset pricing models

2. **Reading List**

2.1 **Compulsory Readings**
   (Compulsory readings can include books, book chapters, or journal/magazine articles. There are also collections of e-books, e-journals available from the CityU Library.)

1.	John H. Cochrane, Asset Pricing, Revised ed., Princeton
2.	Kerry Back, Asset Pricing and Portfolio Choice Theory, Princeton

2.2 **Additional Readings**
   (Additional references for students to learn to expand their knowledge about the subject.)

   NIL