O ce. Economics Building 105.

Meetings. Tuesdays and Thursdays 11:00 AM - 12:15 PM in ECON 117.

O ce hours. Tuesdays 2:00 PM - 3:30 PM or by appointment. For appointment send an email to carlos.martins@colorado.edu.

Prerequisites. Successful completion of ECON 3818 or equivalent is a required prerequisite. ECON 4818 is desirable, but by not necessary.

Objectives. Introduce statistical models, estimation and testing procedures used in analyzing nancial data.

Class URL. http://spot.colorado.edu/ martinsc/Econ_4858.html.

Grades. Grades (A-F) will be based on the following:

There will be four sets of homework questions whose answers will be graded. Each set accounts for 10 percent of your course grade. Some of these questions will involve the use of MATLAB, a software that is freely available on campus.

There will be one midterm examination. It accounts for 30 percent of your course grade.

There will be a nal examination. It accounts for 30 percent of your course grade.

Dates for the examinations:

Examination	Date and Time
Midterm	October 19, Econ 117
Final Examination	December 17, 4:30 PM - 7:00 PM, Econ 117

Homework sets will be available on the class web site with their respective due dates.

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4. Tsay, R. S., 2010, Analysis of Financial Time Series. John Wiley & Sons, Hoboken, New Jersey.

6. The capital asset pricing model

        Capital market line, security market line

        Security characteristic line

        Using CAPM in portfolio analysis

        Factor models

7. Fixed income securities

        Zero-coupon bonds, coupon bonds

        Yield to maturity

        Term structure

        Continuous compounding

        Continuous forward rates

        Sensitivity of price to yield

8. Value-at-Risk

        One asset

        Portfolio

9. Options pricing

        Call options

        The law of one price

        Pricing calls

        Martingales

        The Black-Scholes model, formula and its use

        Puts

        Evolution of option prices

        Leverage of options and hedging

Important information.

If you qualify for accommodations because of a disability, please submit a letter from Disability Services in a timely manner (for exam accommodations provide your letter at least one week prior to the exam) so that your needs can be addressed. Disability Services determines accommodations based on documented disabilities. Contact Disability Services at 303-492-8671 or by e-mail dsinfo@colorado.edu.

If you have a temporary medical condition or injury, see Temporary Medical Conditions: Injuries, Surgeries, and Illnesses guidelines under Quick Links at Disability Services website and discuss your needs with me.

Campus policy regarding religious observances requires that faculty make every e ort to reasonably and fairly deal with all students who, because of religious obligations, have con icts with scheduled

Students and faculty each have responsibility for maintaining an appropriate learning environment.