

## 316-807 Economics of Finance

<b>Credit Points:</b>	12.500
<b>Level:</b>	Graduate/Postgraduate
<b>Dates &amp; Locations:</b>	2008, This subject commences in the following study period/s: Semester 2, - Taught on campus.
<b>Time Commitment:</b>	Contact Hours: Three hours per week of lectures and tutorials (Semester 2). Total Time Commitment: Not available
<b>Prerequisites:</b>	306-203 Business Finance or equivalent.
<b>Corequisites:</b>	None
<b>Recommended Background Knowledge:</b>	None
<b>Non Allowed Subjects:</b>	None
<b>Core Participation Requirements:</b>	<p>&lt;p&gt;For the purposes of considering request for Reasonable Adjustments under the Disability Standards for Education (Cwth 2005), and Student Support and Engagement Policy, academic requirements for this subject are articulated in the Subject Overview, Learning Outcomes, Assessment and Generic Skills sections of this entry.&lt;/p&gt;         &lt;p&gt;It is University policy to take all reasonable steps to minimise the impact of disability upon academic study, and reasonable adjustments will be made to enhance a student's participation in the University's programs. Students who feel their disability may impact on meeting the requirements of this subject are encouraged to discuss this matter with a Faculty Student Adviser and Student Equity and Disability Support: &lt;a href="http://services.unimelb.edu.au/disability"&gt;http://services.unimelb.edu.au/disability&lt;/a&gt;&lt;/p&gt;</p>
<b>Coordinator:</b>	Assoc Prof O Henry
<b>Subject Overview:</b>	This subject examines important features of financial markets, illustrating how economic analysis can aid understanding of those features. Topics considered may include: payments systems (drawing on network economics); security issuance techniques (drawing on auction theory); credit rationing (drawing on asymmetric economics); financial market regulation (drawing on the theory of regulation); privatisation processes and techniques; macroeconomic determinants of financial prices; flow of funds analysis and long term influences on saving, investment and financial markets (such as retirement incomes policy); international debt defaults and enforcement and international agencies.
<b>Assessment:</b>	A 2-hour end-of-semester examination (80%) and assignments not exceeding 2000 words (20%).
<b>Prescribed Texts:</b>	None
<b>Breadth Options:</b>	This subject is not available as a breadth subject.
<b>Fees Information:</b>	Subject EFTSL, Level, Discipline & Census Date, <a href="http://enrolment.unimelb.edu.au/fees">http://enrolment.unimelb.edu.au/fees</a>
<b>Generic Skills:</b>	<p>On successful completion of this subject students should be able to:</p> <ul style="list-style-type: none"> <li># Apply economic theories to sharemarket and financial market situations;</li> <li># Evaluate macroeconomic policy in relation to current issues;</li> <li># Explain the importance of competition to the sharemarket performance of firms;</li> <li># Interpret the meaning and measurement of economic variables, such as the Gross Domestic Product;</li> <li># Explain the economic forces that determine sharemarket performance;</li> <li># Explain and apply cointegration analysis to analyse the sharemarket;</li> <li># Describe the roles of money and the financial system in the macroeconomy;</li> </ul>

	<ul style="list-style-type: none"> <li># Critically analyse macroeconomic policies appropriate to the achievement of macroeconomic objectives and to evaluate those policies;</li> <li># Analyse the factors influencing economic growth, exchange rates, and interest rates.</li> </ul> <p>On successful completion of this subject, students should have improved the following generic skills:</p> <ul style="list-style-type: none"> <li># Evaluation of ideas, views and evidence</li> <li># Synthesis of ideas, views and evidence</li> <li># Critical thinking</li> <li># Application of theory to economic policy and business decision making</li> <li># Accessing economic and other information</li> <li># Summarise and interpretation of information</li> <li># Application of windows software</li> <li># Statistical reasoning</li> <li># Problem solving skills</li> <li># Collaborative learning and teamwork</li> <li># Negotiation and bargaining</li> <li># Written communication</li> <li># Oral communication</li> </ul>
<b>Notes:</b>	This subject is only available to students in the Postgraduate Diploma in Finance or the first year of the Master of Financial Management.
<b>Related Course(s):</b>	Master of Financial Management Postgraduate Diploma in Finance