

# ECON30024 Economics of Financial Markets

<b>Credit Points:</b>	12.50																		
<b>Level:</b>	3 (Undergraduate)																		
<b>Dates &amp; Locations:</b>	2011, Parkville This subject commences in the following study period/s: Semester 1, Parkville - Taught on campus.																		
<b>Time Commitment:</b>	Contact Hours: Two 1-hour lectures and a 1-hour tutorial per week Total Time Commitment: Not available																		
<b>Prerequisites:</b>	Both of the following: <table border="1" data-bbox="389 573 1485 804"> <thead> <tr> <th>Subject</th> <th>Study Period Commencement:</th> <th>Credit Points:</th> </tr> </thead> <tbody> <tr> <td>ECON20002 Intermediate Microeconomics</td> <td>Summer Term, Semester 1</td> <td>12.50</td> </tr> <tr> <td>ECON20001 Intermediate Macroeconomics</td> <td>Semester 2</td> <td>12.50</td> </tr> </tbody> </table> AND one of: <table border="1" data-bbox="389 835 1485 1066"> <thead> <tr> <th>Subject</th> <th>Study Period Commencement:</th> <th>Credit Points:</th> </tr> </thead> <tbody> <tr> <td>ECOM20001 Introductory Econometrics</td> <td>Semester 1, Semester 2</td> <td>12.50</td> </tr> <tr> <td>ECON20003 Quantitative Methods 2</td> <td>Summer Term, Semester 1, Semester 2</td> <td>12.50</td> </tr> </tbody> </table>	Subject	Study Period Commencement:	Credit Points:	ECON20002 Intermediate Microeconomics	Summer Term, Semester 1	12.50	ECON20001 Intermediate Macroeconomics	Semester 2	12.50	Subject	Study Period Commencement:	Credit Points:	ECOM20001 Introductory Econometrics	Semester 1, Semester 2	12.50	ECON20003 Quantitative Methods 2	Summer Term, Semester 1, Semester 2	12.50
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ECON20002 Intermediate Microeconomics	Summer Term, Semester 1	12.50																	
ECON20001 Intermediate Macroeconomics	Semester 2	12.50																	
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ECOM20001 Introductory Econometrics	Semester 1, Semester 2	12.50																	
ECON20003 Quantitative Methods 2	Summer Term, Semester 1, Semester 2	12.50																	
<b>Corequisites:</b>	None																		
<b>Recommended Background Knowledge:</b>	Please refer to Prerequisites and Corequisites.																		
<b>Non Allowed Subjects:</b>	None																		
<b>Core Participation Requirements:</b>	For the purposes of considering requests for Reasonable Adjustments under the Disability Standards for Education (Cwth 2005), and Students Experiencing Academic Disadvantage Policy, academic requirements for this subject are articulated in the Subject Description, Subject Objectives, Generic Skills and Assessment Requirements for this entry. The University is dedicated to provide support to those with special requirements. Further details on the disability support scheme can be found at the Disability Liaison Unit website: <a href="http://www.services.unimelb.edu.au/disability/">http://www.services.unimelb.edu.au/disability/</a>																		
<b>Coordinator:</b>	Dr Kei Kawakami																		
<b>Contact:</b>	<a href="mailto:keik@unimelb.edu.au">keik@unimelb.edu.au</a> ( <a href="mailto:keik@unimelb.edu.au">mailto:keik@unimelb.edu.au</a> )																		
<b>Subject Overview:</b>	The subject is a combination of principle and practice. It provides an overview of the economic principles governing financial markets; then provides insights into some important empirical and practical issues concerning the operation of financial markets; and concludes with a discussion of some practical issues associated with Australian financial markets.																		
<b>Objectives:</b>	<ul style="list-style-type: none"> <li># Explain and analyse the role of capital markets in consumption and investment decision-making under conditions of certainty and uncertainty.</li> <li># Explain how economic theory applies to financial markets.</li> <li># Describe how economic theory can provide testable restrictions on financial data.</li> <li># Analyse the main empirical results that have been established for financial markets.</li> <li># Critically evaluate economic policy issues associated with financial markets.</li> </ul>																		

	<ul style="list-style-type: none"> <li># Synthesise different theories and ideas, such as alternative models of asset pricing and portfolio allocation.</li> <li># Apply theories to the real world - how the shape of yield curves can be used to forecast inflation in Australia for example.</li> <li># Evaluate the relevance of competing theories. For instance, the extent to which alternative analyses can be used to predict the market price of different countries.</li> </ul>
<b>Assessment:</b>	A 2-hour end-of-semester examination (70%) and class assignment(s) totalling approximately 3000 words (30%).
<b>Prescribed Texts:</b>	You will be advised of prescribed texts by your lecturer.
<b>Breadth Options:</b>	<p>This subject potentially can be taken as a breadth subject component for the following courses:</p> <ul style="list-style-type: none"> <li># <b>Bachelor of Arts</b> (<a href="https://handbook.unimelb.edu.au/view/2011/B-ARTS">https://handbook.unimelb.edu.au/view/2011/B-ARTS</a>)</li> <li># <b>Bachelor of Biomedicine</b> (<a href="https://handbook.unimelb.edu.au/view/2011/B-BMED">https://handbook.unimelb.edu.au/view/2011/B-BMED</a>)</li> <li># <b>Bachelor of Environments</b> (<a href="https://handbook.unimelb.edu.au/view/2011/B-ENVS">https://handbook.unimelb.edu.au/view/2011/B-ENVS</a>)</li> <li># <b>Bachelor of Music</b> (<a href="https://handbook.unimelb.edu.au/view/2011/B-MUS">https://handbook.unimelb.edu.au/view/2011/B-MUS</a>)</li> <li># <b>Bachelor of Science</b> (<a href="https://handbook.unimelb.edu.au/view/2011/B-SCI">https://handbook.unimelb.edu.au/view/2011/B-SCI</a>)</li> <li># <b>Bachelor of Engineering</b> (<a href="https://handbook.unimelb.edu.au/view/2011/B-ENG">https://handbook.unimelb.edu.au/view/2011/B-ENG</a>)</li> </ul> <p>You should visit <b>learn more about breadth subjects</b> (<a href="http://breadth.unimelb.edu.au/breadth/info/index.html">http://breadth.unimelb.edu.au/breadth/info/index.html</a>) and read the breadth requirements for your degree, and should discuss your choice with your student adviser, before deciding on your subjects.</p>
<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>	<ul style="list-style-type: none"> <li># High level of development: written communication; problem solving; application of theory to practice; interpretation and analysis; critical thinking; synthesis of data and other information; evaluation of data and other information.</li> <li># Moderate level of development: oral communication; collaborative learning; team work; statistical reasoning; accessing data and other information from a range of sources; receptiveness to alternative ideas.</li> <li># Some level of development: use of computer software.</li> </ul>
<b>Related Majors/Minors/Specialisations:</b>	Economics Economics Economics Major