

FNCE40003 Numerical Techniques in Finance

Credit Points:	12.50
Level:	4 (Undergraduate)
Dates & Locations:	2011, Parkville This subject commences in the following study period/s: Semester 2, Parkville - Taught on campus.
Time Commitment:	Contact Hours: Three hours of lectures and workshops per week Total Time Commitment: Not available
Prerequisites:	<u>FNCE30001 Investments</u> (../view/current/FNCE30001) .
Corequisites:	None
Recommended Background Knowledge:	Please refer to Prerequisites and Corequisites.
Non Allowed Subjects:	None
Core Participation Requirements:	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: http://www.services.unimelb.edu.au/disability/
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Subject Overview:	Numerical techniques focuses on the theory and application of numerical methods for solving financial problems. The applications may include option valuation, value at risk, term structure modelling, portfolio simulation and optimisation and capital budgeting. These applications motivate the study of matrix methods, the solutions of linear and nonlinear equations, interpolation and approximation methods, numerical integration and Monte Carlo methods. No prior programming experience is required as the principles of programming are covered.
Objectives:	<ul style="list-style-type: none"> # Explain the principles of object-orientated programming. # Design computer programs that implement solutions in an efficient and effective manner. # Analyse the effects of numerical errors on computer-based finance models. # Use a variety of numerical procedures to solve quantitative finance problems. # Identify and analyse the assumptions, limitations and implementations of computer-based financial models. # Evaluate the applicability of various mathematical techniques to classes of finance problems
Assessment:	A 3-hour end-of-semester examination (50%) and assignments totalling not more than 5000 words (50%).
Prescribed Texts:	You will be advised of prescribed texts by your lecturer.
Breadth Options:	This subject is not available as a breadth subject.
Fees Information:	Subject EFTSL, Level, Discipline & Census Date, http://enrolment.unimelb.edu.au/fees

Generic Skills:	# High level of development: problem solving; application of theory to practice; use of computer software; accessing data and other information from a range of sources. # Moderate level of development: team work; interpretation and analysis. # Some level of development: written communication; statistical reasoning; critical thinking; synthesis of data and other information; evaluation of data and other information.
Related Course(s):	Master of Finance Master of Financial Management Postgraduate Diploma in Finance