

ECON90034 Economics of Finance

Credit Points:	12.50
Level:	9 (Graduate/Postgraduate)
Dates & Locations:	2012, Parkville This subject commences in the following study period/s: Semester 2, Parkville - Taught on campus.
Time Commitment:	Contact Hours: Three hours per week of lectures and tutorials Total Time Commitment: Estimated total time commitment of 120 hours per semester
Prerequisites:	This subject is only available to students who would satisfy the entry criteria for the Master of Finance.
Corequisites:	None
Recommended Background Knowledge:	None
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:	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.
Objectives:	On successful completion of this subject students should be able to: <ul style="list-style-type: none"> # Apply economic theories to sharemarket and financial market situations; # Evaluate macroeconomic policy in relation to current issues; # Explain the importance of competition to the sharemarket performance of firms; # Interpret the meaning and measurement of economic variables, such as the Gross Domestic Product; # Explain the economic forces that determine sharemarket performance; # Explain and apply cointegration analysis to analyse the sharemarket; # Describe the roles of money and the financial system in the macroeconomy; # Critically analyse macroeconomic policies appropriate to the achievement of macroeconomic objectives and to evaluate those policies; # Analyse the factors influencing economic growth, exchange rates, and interest rates.

Assessment:	2-hour end-of-semester examination (80%) Assignments not exceeding 2000 words (20%)
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:	<p>On successful completion of this subject, students should have improved the following generic skills:</p> <ul style="list-style-type: none"> # Evaluation of ideas, views and evidence # Synthesis of ideas, views and evidence # Critical thinking # Application of theory to economic policy and business decision making # Accessing economic and other information # Summarise and interpretation of information # Application of windows software # Statistical reasoning # Problem solving skills # Collaborative learning and teamwork # Negotiation and bargaining # Written communication # Oral communication
Notes:	This subject is only available to students in the Postgraduate Diploma in Finance or the first year of the Master of Finance (Master of Financial Management).
Related Course(s):	Master of Finance Postgraduate Diploma in Finance