

<b>M4 Financial Economics, Financial Institutions and Monetary Policy</b>	
<b>Lecturer</b> Prof. Dr. Maria Lehner	<b>Module coordinator</b> Prof. Dr. Maria Lehner
<b>Content</b>	
<p><b><u>Part I: The Macroeconomics of Financial Markets</u></b></p> <ul style="list-style-type: none"> <li>• Money, Capital and the Economy</li> <li>• Monetary Policy in an European Context</li> <li>• Monetary Policy, Financial Markets and the Economy</li> </ul> <p><b><u>Part II: Financial Economics and Financial Markets</u></b></p> <ul style="list-style-type: none"> <li>• Structure of Financial Markets</li> <li>• Primary and Secondary Markets</li> <li>• Efficiency Market Hypothesis</li> <li>• Risk, Return and the Optimal Portfolio (Markowitz)</li> <li>• Fixed Income Markets, expected and forward interest rates, different terms to maturity and immunization of fixed income instruments against financial risks</li> <li>• The Markets for Currencies and Hedging strategies against foreign exchange risks</li> </ul> <p><b><u>Part III: Financial Institutions and Financial Systems in selected Countries</u></b></p> <ul style="list-style-type: none"> <li>• Financial Markets and the Monetary Financial Institutions</li> <li>• International and European Financial Organizations (BIS, IMF, EFSF, ESM) and their Functions</li> <li>• Financial Market Regulations and Systemic Risks</li> </ul>	
<b>Prerequisite for participation</b>	
<ul style="list-style-type: none"> <li>• Basic knowledge about international economics and fundamentals of international finance from any business related bachelor program.</li> </ul>	
<b>Preparation / Reading</b>	
<b>Recommended reading for course preparation:</b>	
<ul style="list-style-type: none"> <li>• Samuelson P., Nordhaus W., Economics, McGraw-Hill and Daniels J.,</li> <li>• VanHoose D., Joseph P. Daniels: International monetary and financial economics</li> <li>• Gärtner; M.: Macroeconomis, Pearson, forth or later editions</li> <li>• Bodie Z., Kane A., Marcus A.J., Investments; McGraw Hill, 9<sup>th</sup> edition or later</li> </ul>	
<b>Intended learning outcomes</b>	
<p>First, students understand how different financial markets are structured and how they work and why they are important for the national and the world economy. They learn and critically reflect the role international institutions and monetary policy play in every economy. Second, students develop an understanding of the microeconomic and macroeconomic decision making on international financial markets and the condition that must be fulfilled that they can work properly. Third, they work on current financial issues and how they influence decision making in businesses, monetary authorities and governments. Fourth, learn to apply financial and derivative instruments with the objective of reducing financial risks. The module provides (in connection with M1 Financial Market Decisions) an indispensable prerequisite for the module “Corporate Finance &amp; Investment Banking”. It can be used as a stand-alone module within any program with an advanced focus on financial markets.</p>	

**Teaching & Learning methods**

„Seminaristischer Unterricht“ (Lecture with integrated practical issues).  
The lecture is supplemented by questions for discussion/solving practical financial problems/case studies which are either solved as teamwork in class or assigned as homework problems using statistical tools such as MS Excel or SPSS.

**Literature**

- Blanchard O.: Macroeconomics, Prentice Hall
- Bofinger P., Monetary Policy, Oxford UP
- Gärtner, M.: Macroeconomics, Pearson Education, latest edition
- Mishkin F., Eakins S., Financial Markets and Institutions, Prentice Hall
- Fabozzi, F.J., Modigliani, F., Jones F.J.: Foundations of Financial Markets and Institutions, Pearson Education
- Fabozzi, F.J., Naeve E.H., Zhou G., Financial Economics, Wiley, 2010 or later
- Bodie Z., Kane A., Marcus A.J., Investments; McGraw Hill, 9<sup>th</sup> edition or later
- Madura J., Financial Institutions and Markets, McGraw Hill 2008 or later

**Course organisation**

<b>ECTS-Credits</b> 6	<b>SWS</b> 4	<b>Language</b> English
<b>Kind of module</b> Compulsory module	<b>Turnus</b> Winter Term	<b>Duration</b> 1 term
<ul style="list-style-type: none"> <li>• <b>Workload</b> 6 ECTS-Credits x 30 hours = 180 hours, decomposition:</li> </ul>		
<b>Attendance</b> 15 weeks * 4 hours = 60 hours	<b>Preparation / Homework / Self-study</b> 15 weeks * 3 hours = 45 hours	<b>Time for exercises and group work</b> 15 weeks * 2 hours = 30 h.
<b>Term paper / presentation</b> • 15 hours	<b>Exam preparation</b> 30 hours	<b>Exam time</b> minutes
<p><b>Pre-requirements for the exam</b></p> <ul style="list-style-type: none"> <li>• 50% homework assignments have to be solved for attending the final exam</li> </ul>		
<p><b>Exam requirements</b></p> <ul style="list-style-type: none"> <li>• Scientific calculator</li> <li>• Set of financial formulas (mats/statistics)</li> </ul>		<p><b>Weighting in examination</b></p> <p>Final grade:</p> <ul style="list-style-type: none"> <li>• 50% written exam</li> <li>• 25% case study/presentation</li> <li>• 30% case study/paper</li> </ul>