Financial Markets and Institutions  
Econ 230  
Fall 2015  

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Office Hours:  
1:30 pm - 3:30 Tuesday,  
1:00-2:00 pm Wednesday,  
2:00-5:00 pm Thursday, or  
by appointment  

Text:  

Course Objectives: Where should you invest your savings, who can you trust, and what could happen to it all? Alternatively, why are financial markets always in the news, what causes them to “crash,” why does the government and the financial industry regulate it all so much, or can policy related to the financial market help our economy? We will attempt to answer all of these questions among many others by studying types of frequently traded assets including money, bonds, stocks, and derivatives. Furthermore, we will study who participates in and oversees the trading of said assets.  

Disclaimer: Financial markets and institutions are incredibly complex, and in some sense, dangerous. As a result, I would never give, nor should you ever take anything I say as, investment advice. Furthermore, the results in this class are based on a series of assumptions, and if they are wrong, then the results are likely wrong. Given these facts, handle what you learn in this class with care.
Grading: Regarding the assignments and weighting of grades

<table>
<thead>
<tr>
<th>Assignment</th>
<th>% of Grade</th>
<th>Dates</th>
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<tbody>
<tr>
<td>Quizes</td>
<td>10%</td>
<td>random Fridays with assigned problems</td>
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<tr>
<td>Two Midterms</td>
<td>25% each</td>
<td>Oct 2 &amp; Nov 18 in class</td>
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<tr>
<td>CBL Project</td>
<td>10%</td>
<td>refer to project outline</td>
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<tr>
<td>Final Exam</td>
<td>30%</td>
<td>refer to STAR</td>
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Communication: The course web page is located on Moodle via

http://www.holycross.edu/login/

You will find the syllabus, the homework, important class announcements, grades, etc. all on the course web page.

Students with Disabilities: If you have a disability that may require some modification of seating, testing, or any other class requirement, please let me know as soon as possible so that appropriate arrangements can be made. Please see me after class, during scheduled office hours, or schedule an appointment.

Academic Dishonesty: Academic dishonesty will not be tolerated and will be dealt with in accordance with the College of the Holy Cross guidelines.

Class Schedule: As a broad overview (this will be adjusted as needed):

Unit 1: Introduction to Finance

Week 1: Overview of Finance and Loanable Funds Market (Chs. 1 & 2)

Week 2: Loanable Funds cont. and Interest Rates (Chs. 2 & 3)

Unit 2: Debt Security Markets

Week 3: Money and Bond Markets and Bond Valuation (Chs. 6, 7 & 8)

Week 4: Bond Valuation cont. and Mortgage Markets (Chs. 8 & 9)

Unit 3: Equity Markets and Personal Finance

Week 5: Stock and Midterm Exam (Ch. 10)
Week 6: Stock Valuation (Chs. 11)

Week 7: Fall break

Week 8: Stock cont. and Mutual, Insurance and Pension Funds (Chs. 12, 23 & 25)

Unit 4: Derivative Security Markets

Week 9: Futures and Options Markets (Csh. 13 & 14)

Week 10: Options (cont.) and Swap Markets (Chs. 14 & 15)

Week 11: Swaps (cont.) and Foreign Exchange Markets (Chs. 15 & 16)

Unit 5: Commercial Banking and Regulation

Week 12: Midterm Exam, the Fed, and Monetary Policy (Ch. 4 & 5)

Week 13: Fed Policy cont. (Ch. 5) and Thanksgiving break

Week 14: Commercial Banking, Regulation, and Management (Chs. 17,* 18 & 19)

Week 15: Bank Performance and Securities Operations (Chs. 20 & 24)

Note (*): We will not be covering Chs. 21 & 22 directly nor will you be tested on them. However, you should read them when studying Commercial Bank Operations, Ch. 17.