
MORAVIAN COLLEGE
Department of Economics & Business
EC 335: Current Topics in Finance
Rahmi Erdem Aktug - Fall 2010

COURSE OUTLINE

- Class Meetings:** Thursdays - 8:30 am to 11:30 am SHILL 310
- Office Hours:** Tuesdays & Thursdays - 2:30 pm to 5:00 pm Comenius Hall 216 (or by appointment)
- Contact:** aktugr@moravian.edu
- Texts:**
- 1 - Thomas Sowell, *The Housing Boom and Bust*, Revised Edition, 2010, Basic Books (Required).
 - 2 - Franklin Allen and Glenn Yago, *Financing the Future*, 2010, Wharton School Publishing (Required).
 - 3 - Prem C. Jain, *Buffet Beyond Value*, 2010, John Wiley & Sons, Inc. (Required).
The Wall Street Journal (Daily Subscription - Recommended).
- Other Materials:** Always check Black-Board (BB) for announcements, additional readings, and problem sets.
- Course Description:** This course is designed for upper level economics and finance majors as well as others with appropriate course background and interest by approval of the professor. The course will also serve as one of the controlled electives required in the economics-finance track. Prerequisites: MGMT 231 (required), ECON 320 (recommended).
- Course Objectives:** The course will engage students in high level thinking about current financial topics in various fields such as management, markets and institutions, investments, personal finance, international finance, public finance and development finance. The course will build on knowledge gained in prerequisite courses with a particular focus on how the current financial, economic, and political events impact our lives. To this end, the course will employ current periodicals, websites, relevant scholarly articles and books, outside speakers and media to help students develop an in-depth understanding of the causes, ramification and proposed solutions to the revolutionary financial environment we live in. The students will build a portfolio documenting their learning throughout the course. More specific objectives are as follows.
- 1- Explain the causes of 2007-2009 global mortgage crisis.
 - 2- Understand the economics and politics of the housing boom and bust.
 - 3- Describe the evolution of finance and demonstrate how financial innovation contributes to that.
 - 4- Analyze the current financial environment and latest developments in the field of finance.
 - 5- Apply economic (supply & demand) analysis to financial markets such as the stock, the bond, the credit default swap (CDS), and the currency markets.
 - 6- Borrowing from the ideas of Warren Buffet, explain the key factors behind successful investing.
 - 7- Become familiar with crucial investment ideas such as value investing, growth investing, insurance, portfolio diversification and risk, market timing, market efficiency, behavioral finance, and corporate governance.

Attendance Policy: Class attendance is mandatory. Excessive absences will affect your grade for the course, so please be very careful to avoid missing any. We will be covering a considerable amount of material during each of the class meetings. Since most of the material is cumulative, a missed class will put you very far behind in a very short time. If you must miss a class, please contact me beforehand.

Homework: Please notice that assignments cannot be accepted after the date on which they are due. Although you may consult with me or with other students, the work which you hand in should be your own. Homework assignments showing evidence of outright dishonesty will not be accepted and will be penalized.

Examinations and Quizzes:

Four examinations will be given during the semester - three hourly exams during the 4th, 7th, and 11th weeks and a final examination during the final exam period. Dates will be announced well in advance. In addition, there will be several (possibly unannounced) short class quizzes during the semester. No make-ups will be given for the examinations or the quizzes, and an excused absence from a quiz or an exam will only be allowed in the case of a medical emergency. In such situations a note from the Dean of Students Office is necessary.

Final Grades: Your final grade will be determined by assigning the following weights to graded material in the course:

First exam	15%
Second exam	25%
Third exam	25%
Final exam	25%
Homework sets, quizzes, class participation, and attendance	10%

Office Hours, E-mail Address and Telephone:

For any emergency, please contact Mickey Matuczinski - Department Coordinator at matuczinskim@moravian.edu or at 610-861-1591.

Disabilities:

If you have a documented learning disability and will be requesting academic accommodation for this class, please contact Office of the Dean of Students.

Academic Integrity:

It is the duty and obligation of the students to meet and uphold the highest principles and values of personal, moral and ethical conduct. As partners in our educational community, both students and faculty share the responsibility for promoting and helping to ensure an environment of academic integrity. As such, each student is expected to complete all academic course work in accordance to the standards set forth by the faculty and in compliance with the college's code of conduct. Detailed information on the code of conduct can be found in the student handbook.

COURSE SCHEDULE

Week	Readings*	Topics**
1 & 2	"The Housing Boom and Bust" by Sowell	Causes of the Global Mortgage Crisis Definitions and Basics
3	"Financing the Future" by Allen and Yago	Chapter 1: The Evolution of Finance Become familiar with the history and the latest developments in finance
First Exam (4th Week)		
4&5	"Financing the Future" by Allen and Yago	Chapters 2 to 5 Capital Structure, Innovations in Business and Housing Finance
6	"Financing the Future" by Allen and Yago	Chapters 6 to 8, and Appendix Financing the Developing World and Rules of Financial Innovation
Second Exam (7th Week)		
8	"Buffet Beyond Value" by Jain	Parts One and Two Introduction and Background, and Buffet Investing
9	"Buffet Beyond Value" by Jain	Parts Three to Six Insurance, Investing in Retailing, Manufacturing, and Utilities Risk and Diversification, Market Timing, Market Efficiency
10	"Buffet Beyond Value" by Jain	Parts Seven to Nine, and Appendix Profitability and Accounting, Market Psychology, Corporate Governance
Third Exam (11th Week)		
11 & 12	Additional Readings	Summary of the major readings and discussion of additional interesting material from the WSJ, Bloomberg Markets, Forbes, and the Economist
Final Exam (Finals Period)		

* Readings will also include articles from the WSJ, and additional materials posted on the course webpage.

** Details about the assignments will be announced every week.

This syllabus is subject to change with notice.