

UNIVERSITY OF DETROIT MERCY
ECN 5400 – FINANCIAL ECONOMICS (UC)

Instructor: Joseph A. Weglarz - Lecturer
Class Hours: Tuesday: 4:00 – 6:20 p.m.
Office Hours: Macomb University Center, 220A: Tuesday (1-4 p.m.)
Briggs, 321: Monday, Wednesday, Friday (11 a.m. – noon)
Phone Number: Macomb University Center: (586) 263-6276
Briggs Building: (313) 993-2005
E-Mail Address: weglarzj@udmercy.edu

Texts: Hirt, Geoffrey A. and Block, Stanley B. *Fundamentals of Investment Management*. Tenth Edition. New York: McGraw-Hill Irwin, 2011. (FIM)

Ferguson, Niall. *The Ascent of Money*. New York: The Penguin Press, 2008. (AOM)

Skousen, Mark. *Investing In One Lesson*. Washington, D.C.: Regnery Publishing, Inc., 2007. (IOL)

Dowd, Kevin and Hutchinson, Martin. *Alchemists of Loss*. Chichester: John Wiley & Sons, Ltd., 2010.

Subscription to *The Wall Street Journal*.

Course Description: To study the nature and economic role of money and credit, financial intermediation, central bank policies, financial markets, institutions, and instruments, interest rate theory, yield curve strategies, and controversies in monetary and fiscal policy.

Examinations: There will be five quizzes and three exams.

Your grade will be based on: **700/7 = Final Grade**

3 exams @ 100 pts. = 300

5 quizzes @ 50 pts. = 200

*Note: lowest quiz score will be automatically dropped!

WSJ Project @ 100 pts. = 100

2 exams on *Alchemists* @ 50 pts. = 100

Examinations and Quizzes:

Students are required to take all five quizzes and all three examinations. Failure to take all five quizzes and the three examinations will result in an automatic ½ grade reduction.

Make-up quizzes and exams will only be given if the student can

verify an emergency.

Grading: The University of Detroit Mercy grading scale is as follows:

A	100 – 93
A-	92 – 90
B+	89 – 87
B	86 – 83
B-	82 – 80
C+	79 – 77
C	76 – 67
D	66 – 60
F	59 - 00

Quizzes:

Quizzes will cover handouts and *The Ascent of Money* (AOM) and *Investing In One Lesson* (IOL). *The Ascent of Money* (AOM) will be covered in the following order: Quiz I: Intro and Chapters 1-2; Quiz II: Chapter 3; Quiz III: Chapter 4; Quiz IV: Chapter 4; Quiz V: Chapter 6 and Afterword and *Investing In One Lesson* (L) will be covered in the following order: Quiz I: Chapters 1-3; Quiz II: Chapters 4-6; Quiz III: Chapters 7-9; Quiz IV: Chapters 10-12; Quiz V: Chapters 13-14.

Examinations: Examinations will cover lecture material and other texts.

Exam I will cover:

1. Class notes
2. *Fundamentals of Investment Management* (FIM) – Chapters 1-5
3. Handouts

Exam II will cover:

1. Class notes
2. *Fundamentals of Investment Management* (FIM) – Chapters 6-10
3. Handouts

Exam III will cover:

1. Class notes
2. *Fundamentals of Investment Management* (FIM) – Chapters 11-12, 17, 22
3. Handouts

<u>WEEK</u>	<u>DATE</u>	<u>LECTURE TOPICS</u>
1	09/01	The Investment Setting
2	09/08	Security Markets

3	09/15	Market Participation and Investment Companies
4	09/22	Economic Activity I QUIZ I
5	09/29	Economic Activity II and Industry Analysis Review for Exam I
6	10/06	Valuation EXAMINATION I
7	10/20	Fundamental Analysis Test I – online (<i>Alchemists of Loss</i>)
8	10/27	Technical Analysis QUIZ II
9	11/03	Efficient Markets Quiz III Review for Exam II
10	11/10	Bond Fundamentals I EXAMINATION II
11	11/17	Bond Fundamentals II QUIZ IV
12	11/24	International Markets
13	11/30	Portfolio Management I QUIZ V Test II – online (<i>Alchemists of Loss</i>)
14	12/07	Portfolio Management II WSJ Project Due Review for Exam III
15	12/15	Final Exam Week FINAL EXAMINATION

Compliance with UDM Student-Related Policies

Students of the University of Detroit Mercy are expected to comply with all policies and practices established by the College and/or University. Listed below are a few specific UDM policies. The list, however, is not intended to be exhaustive. A complete listing of

all UDM policies can be found in the UDM Student Handbook and students are expected to be familiar with all UDM Student-related policies.

Student Course Evaluations

Student course evaluations are an important source of information for curricular and teaching improvement in the College of Liberal Arts and Education. As such, all students enrolled in CLAE courses are strongly encouraged to complete an online course evaluation. Course evaluations are completed during the week preceding final exams each semester. Information is provided to students through e-mail explaining how to complete the evaluation online.

Statement Regarding Professional Conduct

Student communications to and with the professor/instructor shall at all times be conducted in a professional and courteous manner. In addition, any important messages during the semester (such as a cancellation of a class session) will be communicated through Blackboard or UDM e-mail addresses.

Available Support Services

The University of Detroit Mercy has a wide array of support services available to all students that include the library, media center, tutoring (UAS, 3rd Floor of Library) and Writing Center (Briggs 135). The UDM Student Handbook contains complete information regarding location and hours of operation of the University's support services. Students are encouraged to utilize the support services provided by the University, as needed.

UDM Policy on Plagiarism and Academic Integrity

As members of an academic community engaged in the pursuit of truth and with a special concern for values, students are expected to conform to a high standard of honesty and integrity in their academic work. The fundamental assumption under which the University operates is that work by a student is a product of his/her own efforts. Among the most serious academic offenses is plagiarism, submitting the style of another author or source without acknowledgment or formal documentation. Plagiarism occurs when specific phrases or entire passages, whether a sentence, paragraph or longer excerpt, are incorporated into one's own writing without quotation marks or documentation. One also plagiarizes by paraphrasing the work of another, that is, retaining another writer's ideas and structure without documentation.

Students are advised always to set off another writer's exact words by quotation marks, with appropriate references. Students avoid plagiarism by concentrating on their own words and ideas and by fully crediting others' words and ideas when they find their way into the writing. Whenever in doubt, cite the source.

Students that purchase essays from other students or agencies or who copy from one another or from prohibited sources, commit the most serious type of academic dishonesty. The consequences of plagiarism, or any act of academic dishonesty, may range from failure on an assignment or in a course to dismissal from the University.

Disability Support Services and Accommodations

It is very important for students to be proactive with regard to requesting disability accommodations. While it is never required that you disclose your disability to your professors, all students at UDM are encouraged to talk to their professors to discuss their concerns. Faculty cannot provide disability accommodations without official notification from the Disability Support Services office. If you need an accommodation because of a disability, if you have emergency medical information to share, or if you need special arrangements in case the building must be evacuated, please contact Emilie Wetherington as soon as possible to schedule an appointment (gallegem@udmercy.edu) or (313) 578-0310). Disability Support Services is located in the Student Success Center, Room 319, on the 3rd Floor of the Library, McNichols Campus.

The Wall Street Journal Project (100 pts.)

Students are required to answer the following questions about the financial markets and the economy using the print and online editions of *The Wall Street Journal*.

1. Describe the recent attempts by the Obama administration to “jump-start” the economy and identify five leading economists with their assessment of its impact on the long-term growth of the national economy.
2. Trace the direction of inflation using the U.S. Consumer Price Index. Is the inflation rate rising or falling? What are three major factors that have influenced the direction of the inflation rate?
3. Trace the weekly movement of the U.S. federal funds rate, the 3-month Treasury bill rate, the 10-year Treasury bond rate, the 3-month LIBOR rate, the prime rate, and the 30-year fixed mortgage rate.
4. Trace the daily movement of the U.S. dollar, the Euro, the Yuan, and the U.K. Pound. What three factors have caused the dollar to increase or decrease in relationship to these other currencies?
5. What is the Federal Reserve doing with our money? Please summarize five articles that underscore the importance of the central bank in implementing monetary policy.
6. Trace the daily movement of gold and silver. What are three major causes of price movements in these commodities?
7. Trace the daily movements of crude oil. What are three major causes of petroleum price movements?
8. What is the unemployment rate in the national economy? What is the unemployment rate in Michigan? Identify and summarize five articles about its future direction.
9. Trace the daily movement of the Dow Jones Industrial Average and the Standard & Poor’s 500 Index. Summarize ten articles that incorporate the market as a leading or lagging indicator of national economic performance.

10. Please identify and summarize five recently released books about economics or finance as reviewed by *The Wall Street Journal* staff.
11. Select one major corporation that is traded on the New York Stock Exchange. Please track its daily price movements throughout the semester and comment on its performance.
12. Select one mutual fund and track its NAV throughout the semester and comment on its performance.
13. Select one total index fund and track its performance throughout the semester and comment on its performance.
14. Select one foreign company that is traded on an international exchange and track its daily price movements throughout the semester and comment on its performance.
15. Identify the most important and pressing problem that the U.S. economy faces over the next two years. Please use *The Wall Street Journal* as your guide.