**FINANCIAL ECONOMICS**

**Economics 134**

**Instructor**
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**Class hours**
Lectures: Monday-Wednesday-Friday 3:10p-4p, 119 Wellman Hall  
Discussion Sections: Monday 7:10p-8p and 8:10p-9p, 233 Wellman Hall

* These data contacts are temporary until the end of April. When they change, I will let you know.

**Course objectives**
The objective of this course is to become familiar with the basic financial economic concepts. We will study the role of financial instruments, how to value stocks and bonds and how to make an optimal use of those instruments. First, we will cover valuation methods under the assumption of certainty. Second, we will analyze valuation when we consider uncertainty and risky assets. Finally, we will briefly introduce how market prices reflect available information on the stocks being traded.

**Prerequisites:**
Courses 1A, 1B, and 100 or 104; Mathematics 16A; Statistics 13.

**Textbook**

**Recommended Readings**
Selected articles from *The Economist* that will be posted on the website of the course.

**Homework**
Problem sets will be handed out to practice the concepts seen in class and they will be graded. Late homework will not be accepted. The Discussion Sections will be used to help students understand and deal with the problem sets. It is very important for you to attend
the discussion sections in order to fully understand the material covered in class and to be well prepared for the final exam.

**Web page**

Class material (homework, readings and class notes) will be posted on the class web page accessible at: http://www.eco.uc3m.es/bblas/econ134s06/

**Exams**

There will be one midterm and the final exam. The date for the midterm will be announced in class and on the class web page. The date for the final exam is Thursday, June 15th from 8-10 AM.

**Grading**

30% of the final grade for the midterm, 60% for the final exam, and 10% for the homework. You are more than encouraged to do the homework, since the structure of the exams will resemble that of the problem sets.