

Syllabus
Economics 5030
Foundations of Economic Analysis

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MSc IM is designed to provide rigorous training to students for professional career in the finance industry. Asset prices and financial decisions are determined by risk, growth and liquidity. The fundamental sources of these factors stem from the real economy guided by policy. This course will focus on connecting economic theory to outcomes in financial markets. This includes an examination of some micro- and macro-economic concepts: competitive markets, profits in terms of cost structure and market power; national accounts and business cycles; money and inflation, economic growth, capital accumulation, technological advance and returns to capital and balance of payments. These concepts will be presented in a rigorous manner using math (both algebra and geometry) that should be accessible to all students.

Objective

Students are expected to base their financial knowledge on solid foundations in economics, statistics and accounting to formulate good recommendations in all areas of finance.

Recommended Text:

Economics: Global Edition by Michael Parkin 13th Edition. [Pearson](#)

Requirements

The course will meet in seven sessions. There will be weekly take home assignments given at the end of session one through six. Each submission will be graded but only the top five assignment submissions will count for credit. The homework assignments will be worth 20% of the grade.

Students might work on the assignments in small groups of 2-3 students. If you work with other students, each student must turn in their own homework. In addition, you must put both your name and your partner's names on your homework. If you choose to turn in a soft copy through email, please put your name and student id number in the name of the file that you submit.

There will also be one in-class quiz in the middle of session 5. The quiz will cover the material taught in session's one through four. The quiz will be worth 10% of the grade and will last 30 minutes.

Course Schedule

	<u>Points</u>
Weekly Assignments {4 points each}	20
Midterm	10
Final	70

The final exam will be cumulative.

<u>Week</u> 1	<p>Module 1. Commodity Prices: Chap 3, <u>Demand and Supply</u> pp. 95-120; Chap 15, <u>The Demand for a Factor of Production</u> pp. 473-476.</p> <p>Module 2. Macro Indicators: Chap. 21, <u>Monitoring the Value of Production: GDP</u>, pp. 531-554; Chap. 22, <u>Measuring Jobs and Inflation</u>, pp. 555-562; Chap. 23, <u>Economic Growth</u>, pp. 591-593.</p>
2	<p>Module 3. Money and Inflation: Chap. 22, <u>Measuring Jobs and Inflation</u>, pp. 564-578; Chap 25, <u>Money, the Price Level and Inflation</u>, pp. 629-643; pp. 648-658.</p>
3	<p>Module 4. Bond Rates: Chap. 24, <u>Finance, Saving, and Investment</u>, pp. 605-626. Chap. 30 <u>Fiscal Policy</u> 768-772.</p>
4	<p>Module 5. Business Cycles and Volatility: Chap. 22 <u>Monitoring Jobs and Inflation</u> 562-563; Chap. 27, <u>Aggregate Supply and Aggregate Demand</u>, 689-712; Chap. 29 <u>Inflation, Unemployment, and Business Cycle</u>, pp.743-754.</p>
5	<p>Module 6. Money Markets: Chap. 31 Monetary Policy pp. 795-820.</p>
6	<p>Module 7. Exchange Rates: Chap. 26 The Exchange Rate and Balance of Payments, pp. 657-671.</p>
7	<p>Module X. Industrial Organization: Chap. 11 <u>Output and Costs</u>, pp. 287-310. Chap 12. <u>Perfect Competition</u>, pp. 311-336. Chap. 13 <u>Monopoly</u>, pp. 337-362. Chap 14 <u>Monopolistic Competition</u>, pp. 363-380.</p> <p>Module Y. Foundations: Chap. 8 <u>Utility and Demand</u>, pp. 217-240. Chap. 9 <u>Possibilities, Preferences and Choices</u>, pp. 241-262.</p> <p>Module Z. Long Term Growth: Chap. 23, <u>Economic Growth</u>, pp 591-596.</p>

Week is estimated. Course material will be presented as time permits.