

## Detailed course description for instructors

<b>Course code:</b>	<b>7VG32NBKE2M</b>
<b>Course title (in English):</b>	<b>World Economics II.</b>
<b>Number of contact hours:</b>	<b>2+2 (2+2: one 90-minute lecture and one 90-minute seminar per week)</b>
<b>Number of credits:</b>	<b>6</b>
<b>Estimated student workload (in academic hours):</b>	<b>180</b>
<b>Fall/Spring:</b>	<b>Fall 2020/2021</b>
<b>Language of education:</b>	<b>English</b>
<b>Department:</b>	<b>World Economy</b>
<b>Course leader:</b>	<b>Dr. István Benczes</b>
<b>Time of class:</b>	<b>TBA</b>

### Description of the course

The purpose of this course is to help students understand the importance, structure, functions, operation and challenges of the international financial markets. The course introduces today's international regulatory framework as well as the characteristics and the main participants of financial markets. The course gives an opportunity to visit the Budapest Stock Exchange.

### Aspects of sustainable development:

The course provides an opportunity for the student to understand both the impact of the international financial market on society and the importance of international regulation on the financial markets.

### Knowledge

The student will

- know the participants of the international financial markets
- review the determination of interest rates based on the Loanable Funds Theory
- review the influence of central banks (e.g. Fed) and its monetary policy into the domestic and international financial market
- review the debt security market (money market, bond market, mortgage markets)
- know the basics of the equity markets and the foreign exchange market
- review the derivative markets (financial futures, swaps, options)
- know the basics of the portfolio management and financial risk management related to these assets

### Skills

The student will be:

- analyze and interpret global financial markets
- be able to measure of development of financial markets based on the Worldbank's methodology
- explain foreign exchange trading in spot, forward, swaps markets
- be able to prepare and give presentation on a given country's financial market
- be able to employ some basic valuation methodology of these assets

### Attitude:

Openness to the international financial market.

**Learning:**

Students form groups of 2-3 people. Student joins to one.

Homework is done in the group.

The group prepares and makes a presentation for financial market of a given country or region in 15 minutes at the end of the course.

Final assessment will be based upon a written exam including definitions, short essay-type questions and multiple-choice tests and numerical exercises.

Homework points are related to solving problems for valuation of financial instruments.

Portfolio points related to the portfolio that will be established and managed by the group during the course.

Class activity points will be based on how regularly students contribute meaningfully to discussions. Class attendance sheets will be taken. Anyone missing more than 3 classes will not be able to pass the course.

The final grade is composed as follows:

Classification scale:

- *Final exam:* 30 per cent
- *Presentation:* 30 per cent
- *Portfolio* 20 per cent
- *Midterm test* 10 percent
- *Homework:* 10 per cent

Content week by week:

<b>Weeks</b>	<b>Topics to be discussed, other activity required for the class</b>	<b>Assignments of students</b>
1	Overview of Financial Environment	<ul style="list-style-type: none"><li>• Creating groups</li></ul>
2	Determination of Interest rate	<ul style="list-style-type: none"><li>• Portfolio management and valuation / Homework</li></ul>
3	FED and Monetary Policy (Function of the Central Banks)	<ul style="list-style-type: none"><li>• Portfolio management and valuation /Homework</li></ul>
4	Money Markets, Structure of Interest rate	<ul style="list-style-type: none"><li>• Portfolio management and valuation /Homework</li></ul>
5	Bond Market and Valuation	<ul style="list-style-type: none"><li>• Portfolio management and valuation /Homework</li></ul>
6	Mortgage Markets: proposed film: Big Short (2015) Midterm test	<ul style="list-style-type: none"><li>• Portfolio management and valuation /</li><li>• How did the film relate to the mortgage market? (essay in 100 words)</li></ul>
7	Equity Markets, proposed Film: Steve Jobs (2013)	<ul style="list-style-type: none"><li>• Portfolio management and valuation</li><li>• The main steps of the Apple Inc going to the</li></ul>

		Stock Exchange (essay in 100 words ) • Madura Page 242/2
8	Stock Valuation and Risk	• Portfolio management and valuation /Homework
9	Stock Exchange	• Portfolio management and valuation /Homework
10	FX Market	• Portfolio management and valuation • Essay on Crypto currency (100 words)
11	Derivative Market Proposed film: Margin call	• Portfolio management and valuation • Essay on Margin call or Big Short (100 words)
12	Presentation	Presentation
13	Others: Visiting the Stock Exchange and Meeting with the Cryptocurrency expert	

**Compulsory readings:**

The material of the lectures and seminars is compulsory.

Lecture slides and handouts can be found in the Moodle system. Please note however, that these slides are only crude outlines of the lectures, and they do not substitute notes taken in class or reading the textbook.

Jeff Madura: Financial Markets and Institutions (the latest version, but in the worth case scenario Fifth edition is acceptable.)

Dr. Burucs J: PPT