

**The University of Texas at Dallas
Jindal School of Management
Spring 2016**

**FIN 3350
Macroeconomics and Financial Markets**

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Course Description:

This course is designed to teach the structure and functions of the macro-economic and financial markets. We will use the recent subprime financial crisis as the macro setting, and explore how and why the financial crisis has occurred in the financial market as well as how we can manage and avoid the risks in this crisis.

On the theoretical side, the course will develop the 3-equation model of modern macroeconomic theory. This framework emphasizes the importance of microeconomic foundations for economic models, and in particular it takes the notion of agents optimization seriously. We will then apply the model to understand major macroeconomic events such as financial crisis, recessions, inflationary booms, etc.

This course is an advanced finance class and involves knowledge of calculus, probability theory, and basic statistics (econometrics). Students are strongly advised to take related courses before taking this course.

Textbook & Course Portal:

Carlin, Wendy, and David Soskice. *Macroeconomics: Institutions, Instability, and the Financial System*. Oxford University Press, 2014.

The UTD eLearning portal will be the primary way of communication. Course materials and announcements will be posted on the portal.

Note: Please contact me for any questions using my school email address: axr150331@utdallas.edu, instead of using the “contact instructor” function in the course portal.

Requirement and Grading:

Your final grade will be calculated using the following scheme:

Class participation 5%
Problem sets 20% (5% each)
Mid-term Exam 25%
Final Exam 50%

Class participation: You are expected to come to the class. Contributions to class discussions and question/answer sections will be rewarded. Distracting behavior in class, such as chatting, sleeping, cellphone ringing, etc. will be punished.

Problem Sets: There will be four problem sets, two before the midterm and two after. Problem sets will be distributed in class. You are reminded to submit your homework at the *beginning* of the class on the due date. If an assignment is turned in late, it will not be accepted and you will not receive credit for your work. Solutions to assignments will be provided after the due date.

Exams: There will be an in-class midterm exam and a final exam. Both exams are closed book and closed notes. Calculators approved by the Registration and Examinations Section of the University are allowed. Please notice that *no make-up test* will be given except for extreme situations. If you do not have a legitimate reason to miss an exam, you will be assigned a grade of zero for the test.

Honor code: You are reminded of University policy and regulations on honesty in academic work.

You are expected to do your work in a manner consistent with the guidelines of the Honor System.

Tentative Course Outline:

The following schedule is a tentative outline of the course. More details will be updated as we proceed.

Week 1: The Demand Side
Primary readings: Chapter 1

Week 2: The Supply Side
Primary readings: Chapter 2

Week 3: The 3 Equation Model
Primary readings: Chapter 3

Week 4: The 3 Equation Model
Primary readings: Chapter 3

Week 5: Expectations
Primary readings: Chapter 4

Week 6: Money and Banking
Primary readings: Chapter 5

Week 7: Mid-term Review Session

Week 8: Mid-term Exam

Week 9: The Financial Sector
Primary Reading: Chapter 6

Week 10: Spring Break

Week 11: The Global Financial Crisis
Primary readings: Chapter 7

Week 12: The Global Financial Crisis
Primary readings: Chapter 7

Week 13: Growth, fluctuations and innovations
Primary readings: Chapter 8

Week 14: The 3 Equation Model (open economy)
Primary readings: Chapter 9

Week 15: Monetary Policy
Primary readings: Chapter 13

Week 16: Course Review Session

Final Exam:
TBD

Note: the final exam date will be set by the school and cannot be changed. Students are only allowed to sit in the final exam designated to their own sessions.