

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

**FIN 6325
Macroeconomics and Financial Markets
JSOM 2.903 Friday 4-6:45pm**

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Course Description:

This is an advanced course 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. The course will also cover in detail the workings of the financial institutions that played a role in the recent financial 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 econometrics. Students are strongly advised to take related

courses before taking this course. Students are expected to work through derivations and proofs of the most important results in the class.

Student Learning Objectives/Outcomes

At the end of this course students should master the 3-equation model of modern macroeconomic theory: i) they should be able to analyze the impact of various government policies in relevant macroeconomic variables such as inflation, unemployment and output; and ii) derive the most important results of the model using rigorous logic.

Moreover, students are expected to have a profound understanding of the role played by various financial institutions during the recent financial crisis. In particular students are expected to master notions such as credit rating, mortgage backed securities, credit default swaps, and government sponsored enterprises.

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 10%

Problem sets 20% (5% each)

Mid-term Exam 25%

Final Exam 45%

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. Several

articles will be posted on eLearning. You are expected to read them in advance and come ready to discuss them in class.

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. The exam will take place during the official exam period. The final exam will be comprehensive of the entire material covered during the semester.

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.

Classroom Polling:

This course uses a classroom polling software known as **Turning Point Cloud**.

In order to participate in the polling activities, students would need to purchase a **Turning License**. The Turning License is available at the [UTD Bookstore](#).

For this course, you **do not** need an RF-LCD device (clicker).

If you had recently purchased an RF-LCD Clicker from the UTD Bookstore, you may be able to obtain a free Turning License. The UTD Bookstore has a limited time offer for legacy students, and it is on a first-come, first-served basis. Please check with the Bookstore for more details.

In class, to participate in the polling sessions, students would need to carry a mobile device (smartphone/ tablet/ laptop) to class. If you do not have a mobile device, please let the instructor know in advance.

Please visit <http://www.utdallas.edu/elearning/resources> for more details.

Tentative Course Outline:

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

Week 1: Motivation / The Demand Side
Primary readings: Chapter 1

Week 2: The Supply Side
Primary readings: Chapter 2

Week 3: The Supply Side
Primary readings: Chapter 2

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

Week 5: The 3 Equation Model
Primary readings: Chapter 3

Week 6: Mid-term Review Session

Week 7: Mid-term Exam

Week 8: Money and Banking
Primary readings: Chapter 5

Week 9: Money and Banking
Primary readings: Chapter 5

Week 10: The Financial Sector
Primary Reading: Chapter 6

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

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

Week 13: Discussion “Inside Job”

Week 14: Fall Break

Week 15: Growth, fluctuations and innovations

Primary readings: Chapter 8

Week 16: Course Review Session

Final Exam:

TBD

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