

**CBN COLLABORATIVE POSTGRADUATE PROGRAMME  
DEPARTMENT OF ECONOMICS, UNIVERSITY OF NIGERIA NSUKKA**

**WORK PLAN**

**NAME OF LECTURER:**

**COURSE: ECO 531 FINANCIAL ECONOMICS I**

<b>STUDY WEEK</b>	<b>TOPIC SUB-TOPIC</b>	<b>RESULTS LEARNING</b>	<b>TIME Hrs</b>	<b>METHODS</b>	<b>Suggested Videos</b>
<b>Summary</b>					
	<p><b>Introduction to Financial Economics</b></p> <p>1.1. Financial markets, institutions, instruments and trading (an overview)</p> <p>1.2 Time value of money and risk aversion<sup>[L]</sup><sub>[SEP]</sub></p> <p>1.3 Cash flows and the principle of value maximization<sup>[L]</sup><sub>[SEP]</sub></p> <p>1.4 Term structure of interest rates and yield curves<sup>[L]</sup><sub>[SEP]</sub></p> <p>1.5 Understanding financial statements and cash flows.</p>	<p>Student will be able to:</p> <ul style="list-style-type: none"> <li>▪ Briefly explain what constitute a financial market</li> <li>▪ Identify the institutions involved in financial market activities.</li> <li>▪ Describe instruments and trading mode in financial market</li> <li>▪ Compute time value of money</li> <li>▪ Briefly explain risk aversion.</li> <li>▪ Explain the principle of valuation maximization</li> <li>▪ Explain the concept of term structure of interest rate and sketch yield curves</li> <li>▪ Explain the components of financial statement and cash flows pattern</li> </ul>	9	Face-to-face interaction and presentations	

<p><b>4-7</b></p>	<p><b>Investments and Financial Markets</b></p> <p>4.1 Portfolio optimization, diversification and the mean variance approach</p> <p>5.1 Asset pricing:</p> <p>5.1.1 Theories of asset pricing – CAPM and APT. [1] [SEP]</p> <p>5.1.2 Empirical tests of asset pricing.</p> <p>6.1 Market efficiency and empirical anomalies – size effect, equity premium puzzle and stock market overreaction.</p> <p>7.1 Investment funds and risk-adjusted performance evaluation.</p>	<p>Student will be able to:</p> <ul style="list-style-type: none"> <li>▪ Describe what constitute optimization of portfolio</li> <li>▪ Define and explain the diversification concept</li> <li>▪ Explain the variance approach to portfolio optimization and diversification</li> <li>▪ Explain the theories of asset pricing and perspective difference of the theories</li> <li>▪ Conduct empirical test of asset pricing</li> <li>▪ Explain how circumstances like size, equity premium, stock market overreaction can result in anomalies in the financial market.</li> <li>▪ Evaluate investment fund and risk-adjustment performance of a company</li> </ul>	<p>12</p>	<p>Face-to-face interaction and presentations</p>	<p>There are many good videos available on the Internet.</p>
<p><b>8-10</b></p>	<p><b>Financial Derivatives</b></p> <p>8.1 Options, futures, forwards, swaps</p> <p>9.1 Pricing of derivatives</p> <p>10.1 Mathematics of derivatives Pricing</p>	<p>*Explains the options, future, forward, and swaps perspectives to financial derivatives</p> <p>*Calculate the pricing of derivatives.</p>	<p>9</p>		

11 – 13	<b>Agency Problems and Financial Contracting</b>  11.1 Management vs equity holders 11.2 Equity holders vs debt holders <sup>[1]</sup> <sub>[SEP]</sub> 12.1 Firm vs government 12.2 Financial distress costs and other agency costs 13.1 Information asymmetry and financial signaling	Student can: <ul style="list-style-type: none"> <li>▪ Distinguish between management and equity holder</li> <li>▪ Identify the responsibilities of management members, and equity holders in the running of a company</li> <li>▪ Distinguish between equity holders and debt holders, and their rights over the company</li> <li>▪ Identify the responsibilities and duties of firms and government in the general economic environment</li> <li>▪ Identify the unmet of financial distress and cost to an organisation</li> <li>▪ Explain the consequences of financial distress in an organisation</li> <li>▪ Identify other forms of agency costs</li> <li>▪ Describe what constitute information asymmetry between an organisation insider and outsider</li> <li>▪ Identify the importance of information asymmetry in finance</li> <li>▪ Identify the main types of information asymmetry problems</li> <li>▪</li> </ul>	9	Face-to-face interaction and presentations	There are many good videos available on the Internet.
14	<b>REVISION WEEK</b>				
15	<b>EXAMINATION</b>				

-----  
**Lecturer:**

-----  
**PROGRAMME LEADER**