

Joel Schreiber
joel.schreiber@rutgers.edu
Spring 2023

Economics of Capital Markets
220: 414

Rutgers University
Department of Economics

Class Hours: Tuesdays and Thursdays, 7:30pm – 8:50pm, first class is Tuesday, January 17th.
Classroom: Murray Hall, room 210

Office Hours: Sundays, 11:00 AM – 12:30 PM (WebEx), and by appointment. My WebEx room:
<https://rutgers.webex.com/meet/jas475>

Econ 414 (3 credits): Economics of Capital Markets is a “upper” level elective

Capital Markets match the demand for funds with the supply of funds and fuel economic growth by allocating capital. This course takes an economics approach towards international capital markets. Through applications and practice we aim to understand the markets for equities, debt, and currencies with respect to the borrowing and financing in our own economy and emerging markets.

Prerequisites: 220:413 Financial Economics
220:321 Intermediate Macroeconomics
220:322 Econometrics

All prerequisites require a minimum grade of C

Text: Introduction to International Capital Markets 2nd edition, Andrew M. Chisholm ISBN: 978-0470758984. **Text is NOT required, it is optional.** It is a good reference source for topics taught in the course.

Data analysis tool: Microsoft Excel

Learning Goals: Upon conclusion student will have researched and practiced:

- Capital Market dynamics through an economics lens
- Role of Equity Markets, Bond Markets, Interest Rate Markets and Foreign Exchange Markets in the international Capital Market
- Employ analytical tools to guide decision making under uncertainty in the capital markets
- Your role as a capital markets analyst

Grading:

(1) Midterm Exam (30%)

(1) Final Exam (30%)

(4) Research Projects (Groups of 3-4) (30%)

Attendance/Participation (During classes and online, via forums) 10%

Midterm Exam – To be given in class – Thursday, March 2nd, 7:30pm ET.

Final Exam - To be given in class – Thursday, May 4th, 4pm – 7pm ET.

All of our course materials (slides and excels) are for our course use only, redistribution is prohibited and protected.

Academic Integrity

Cheating and Plagiarism will not be tolerated. I will give enough opportunity to earn high grades by yourself there is no need for me to find any cheating or plagiarism of any sort. Dr. Sopher will be notified immediately.

All quizzes and RP's will be completed by their due dates, no late work to be accepted.

Attendance

Students are expected to attend all classes. If you expect to miss more than one or two classes because of illness or a family emergency, please use the University absence reporting website <http://sims.rutgers.edu/ssra> to indicate the date and reason for your absence. An email is automatically sent to me.

Class Conduct

It is the expectation that there will be mutual respect throughout the course, not only between instructor and student but between you and your peers.

No recordings/photos/videos are to be taken of our class, you will have access to all materials needed via Sakai and such infringes on the privacy of everyone in the course.

Canvas

The 2 exams will be administered via our Canvas course site module. Any issues taking quizzes in Canvas will impede your course; be aware of this from the start of our course. Discuss with me your issues with this type of testing ASAP. **Everything you will need will be available through our Canvas course site as well.**

Student WebEx Services (to activate your WebEx account)

<https://it.rutgers.edu/webex/knowledgebase/webex-account-eligibility/>

Communication:

Primary e-mail: joel.schreiber@rutgers.edu E-mails are expected to be professional and proper, only e-mails of this type will be answered.

Departmental Make-Up Exams will only be given under extraordinary circumstances on designated exam dates. Students should check with me before missing an exam to see whether their particular circumstances meet the very limited definition of "extraordinary."

Notes:

Quizzes and Midterms will be multiple choice, T/F and/or fill in questions that test concept and/or calculation - They are to be completed individually.

RP (Research Projects) in this course are research assignments - Groups of 3 or 4, and you will submit your Excel work and an accompanying questionnaire via sakai.

Attendance/Participation will include in class discussions and in addition online interaction:

- (1) Posting 1 article with question each week on our course website
- (2) Answering at least 1 question/post each week on our course website.

Course Schedule and Deliverables

	Topics	Chapters	RP	Lecture / Exams
Week 1 1/17, 1/19	Financial Markets refresher Capital Market participants	CH 1		Lecture 1,2
Week 2 1/24, 1/26	Primary Markets and Secondary Markets, Euromarkets and deregulation			Lecture 1,2
Week 3 1/31, 2/2	Capital structuring, gearing and risk management Modigliani-Miller theorem	In class: work on RP 1		Lecture 3
Week 4 2/7, 2/9	Equity markets: the power of issuing stocks, IPO, stock futures, options, and swaps, Benchmark Indexing, ETFs, MNC and ADRs/GDRs	CH 8, 15	RP 1 Due 2/14	Lecture 4,5
Week 5 2/14, 2/16	Complete weeks 4 -5 Discussion	In class: work on RP 2		
Week 6 2/21, 2/23	Debt markets: financing activities in Money Markets, government bonds, CAT bonds. Corporate bonds, convertible bonds, bond futures, flexibility of Eurobonds Yield curve construction	CH 2, 4, 6	RP 2 due 2/28	Lecture 6,7
Week 7 2/28, 3/2	Midterm: 3/2	In class: work on RP 3 CH 11, 13, 14		Midterm
Week 8 3/7, 3/9	Debt Markets, continued	CH 3		Lecture 8
SPRING BREAK 3/11 – 3/19				
Week 9 3/21, 3/23	Interest rate markets and instruments Futures, Swaps and valuation (cont.)	CH 3		Lecture 8
Week 10 3/28, 3/30	Foreign Exchange markets and currency instruments Exchange rate forwards, swaps and futures.	In class: work on RP 4	RP 3 due 11/22	Lecture 9
Week 11 4/4, 4/5	Currencies, fixed exchange rate regimes, government intervention	Notes	RP 4 due 12/6	Lecture 10
Week 12 4/11, 4/13	Relationship between the dollar, the euro, the yen	Notes		Lecture 10
Week 13 4/18, 4/20	Relationship between the dollar, the euro, the yen (cont.)			Lecture 11
Week 14 4/25, 4/27	Review and Preparation for Final Exam			

Disclaimer: The dates of quizzes, midterms and RP's are tentative, they can change due to our class meetings. I will discuss in advance before release and due dates. I reserve the right to make any changes to the syllabus.

Assessment:

Posting of Grades: Please check MyRutgers for your final grades.

Assessment Policy:

Letter Grade	Scores Based on Course Components
A	90-100
B+	85-89
B	80-84
C+	75-79
C	70-74
D	60-69
F	< 60

Note: The thresholds for final letter grades will be re-scaled if a conventional standard seems unreasonable.

Penalty: For every day that an assignment is late there is a **10% penalty** that will accrue, with a **max of one week**. Submissions must be complete; no partial assignments can be submitted.

Learning Management System: Canvas**NETID Needed**

Rutgers uses the Canvas system. In order to use this system, you must have a NETID and PW. A NETID is an account on one of the main systems at Rutgers (Pegasus, Eden, Andromeda or RCI).

- If you have a NETID, you can currently ensure that you will be able to login to the system.
- If you do not have a NETID, please use the following page to attain one: <http://netid.rutgers.edu/>
- If you have any problems, please contact your local RUCS Help Desk. You can reach them at help@nbcs.rutgers.edu or 732-445-Help

Canvas

To facilitate class learning, please access and print course documents needed for class from the course management system known as Canvas. Course documents are posted in Canvas Modules.

Rutgers WebEx quick-start guide

<https://it.rutgers.edu/webex/knowledgebase/webex-quick-start-guide/>

Academic Integrity:

All students are bound by the Rutgers policy on academic integrity. The University's policy on academic integrity is found in the official website at

<https://nbprovost.rutgers.edu/academic-integrity-students>

Student Wellness Services

Counseling, ADAP & Psychiatric Services (CAPS)

(848) 932-7884 / 17 Senior Street, New Brunswick, NJ 08901/ <http://health.rutgers.edu/medical-counseling-services/counseling>

CAPS is a University mental health support service that includes counseling, alcohol and other drug assistance, and psychiatric services staffed by a team of professionals within Rutgers Health services to support students' efforts to succeed at Rutgers University. CAPS offers a variety of services that include: individual therapy, group therapy and workshops, crisis intervention, referral to specialists in the community, and consultation and collaboration with campus partners.

Crisis Intervention: <http://health.rutgers.edu/medical-counseling-services/counseling/crisis-intervention>

Report a Concern: <http://health.rutgers.edu/do-something-to-help/>

Violence Prevention & Victim Assistance (VPVA)

(848) 932-1181 / 3 Bartlett Street, New Brunswick, NJ 08901 / www.vpva.rutgers.edu

The Office for Violence Prevention and Victim Assistance provides confidential crisis intervention, counseling and advocacy for victims of sexual and relationship violence and stalking to students, staff and faculty. To reach staff during office hours when the university is open or to reach an advocate after hours, call 848-932-1181.

Disability Services

(848) 445-6800 / Lucy Stone Hall, Suite A145, Livingston Campus, 54 Joyce Kilmer Avenue, Piscataway, NJ 08854

<https://ods.rutgers.edu>

Rutgers University welcomes students with disabilities into all of the University's educational programs. In order to receive consideration for reasonable accommodations, a student with a disability must contact the appropriate disability services office at the campus where you are officially enrolled, participate in an intake interview, and provide documentation:

<https://ods.rutgers.edu/students/documentation-guidelines>

If the documentation supports your request for reasonable accommodations, your campus's disability services office will provide you with a Letter of Accommodations. Please share this letter with your instructors and discuss the accommodations with them as early in your courses as possible. To begin this

process, please complete the Registration form on the ODS web site at:
<https://ods.rutgers.edu/students/registration-form>.

A searchable link for all of the above, and other resources available to you at Rutgers:
<https://success.rutgers.edu/>

CTAAR:

The Center for Teaching Advancement and Assessment Research supports teaching and learning through a variety of areas. Free for students are software workshops in Excel, Word, PowerPoint, Access, etc. http://ctaar.rutgers.edu/workshops/ws_descr_IT.html

Student E-Mail and Phone Numbers:

A student can forward mail from his/her Eden/Pegasus address to a preferred e-mail address. Go to <http://www.eden.rutgers.edu/tools.php> and click on forwarding. Enter your NetID and PW. Then fill in your preferred e-mail address.

Cautions: Hotmail has problems with e-mails with attachments. Also, some corporations spam e-mails with attachments.

- If you have any problems, please contact your local RUCS helpdesk at <https://it.rutgers.edu/new-brunswick/oit-help-desk-at-rutgers-new-brunswick/>

Please check your e-mail regularly, especially on the day of class, to learn if there are any changes in the class schedule, class requirements, or for other general announcements.

Study Groups: Forming study groups will facilitate learning by keeping you focused, involved, and current in the course.

Classroom Etiquette: Common courtesy is expected at all times. Please turn off all cell phones and other communications devices during class. This facilitates efficient learning, best performance in the course, and timely completion of classes.

Snow / Other Emergency University/Campus Closings: 732-932-INFO (New Brunswick);
<http://campusstatus.rutgers.edu>