

BNAD 301
Global and Financial Economics and Strategies
SUMMER 2011

Instructor: Mario Samano, <http://u.arizona.edu/~msamano> email: msamano@email.arizona.edu

Course website: <http://blackboard.eller.arizona.edu>

Your username is your UofA ID (your username of your email account at UofA), your password is your Student ID (the one that usually consists of a capital S followed by 8 digits, make sure that you type a capital S and not just "s". Newer Student IDs do not start with a letter).

NOTE: If you cannot access Blackboard during the first days of classes, visit my website

<http://u.arizona.edu/~msamano> to get the homeworks and lecture notes. Only the first few homeworks and lecture notes will be posted on my website (just in case someone has trouble with Blackboard), so make sure that you can access Blackboard as soon as possible.

Time and Location: MTWRF, 9:00AM - 11:50AM, Aero & Mech Engr, Rm S202

Monday May 16 - Friday Jun 3, 2011

Memorial Day Holiday – **no classes** Monday, May 30, 2011

Recommended text: *Financial Economics*, Bodie, Merton and Cleeton (this text would be only useful for about two thirds of the course, I provide lecture notes with enough material for the exams).

Office Hours: After class everyday and by appointment (send me an email to discuss the time).

Important: Econ200 is required to take this course. If you have not taken Econ200 before or you are taking it in the current session you will find the material from BNAD301 a bit difficult. I strongly recommend you to reconsider taking BNAD301 until you have passed Econ200.

Description of the course. The first part of the course is about strategic behavior in economics. We will cover the basics of game theory: normal form games, Nash equilibrium, dominated strategies, and a variety of examples: entry/exit, Cournot and Bertrand competition, advertising.

The second and third part of the course are about financial markets. We will begin with concepts on interest rates and project sensitivity analysis. Then we will move on the basics of stock markets: market framework, returns, distribution of annual returns, present value, future value, annuities, etc. In the last part of the course we will see more specific financial instruments such as bonds, futures and options.

Please feel free to participate in class and ask questions about the material of the course. It is very likely that if you have a question, you are not the only one in class with that question.

If you want to learn something about business and finance I suggest you to come to class everyday.

Grading: There will be assignments, in-class work and an individual final project (consisting of a power point presentation and an excel spreadsheet).

There will be three exams: two midterms and one final (cumulative). If you miss an examination you must contact me before or immediately after the exam. If you have a *valid* reason for missing the exam, your grade on the final will replace the grade from the missed exam, otherwise you will receive zero.

The distribution of your grade is as follows

Homeworks, in-class work	20%
Individual Final Project	20%
Midterm 1	20%
Midterm 2	20%
Final Exam (cumulative)	20%

And final grades are given following the usual scale

E	D	C	B	A
below 59.99	60-69.99	70-79.99	80-89.99	90-100

and there will not be any rounding up under any circumstance.

Exams and Project:

Midterm 1	Friday May 20, 2011
Midterm 2	Friday May 27, 2011
Final Project	9:00am Thursday June 2, 2011
Final (cumulative)	Friday June 3, 2011

The **final exam** is cumulative, which means that it will contain material from the two midterms but it will have more questions on the last part of the course. The final exam is cumulative for everyone but it will contain a section that it will be optional and it can give you up to **10% extra** of your final grade.

All exams and quizzes are closed-book and closed-notes. Cheating will *not* be tolerated. Anyone caught cheating or attempting to cheat on any exam or quiz will automatically fail the class.

The **final project** consists of a problem assigned by me on the second week of the session. The goal is to apply the techniques learned in class on a real-world situation. The calculations should be done using a spreadsheet and present the situation and results in a power point presentation. You can **collaborate** with others as long as you **give credit to your classmates** in your individual presentation. In the case you collaborate with others you must submit both a spreadsheet and a power point presentation **individually** giving your solutions using your own words.

Contents of the course

The course consists of three parts. Each one is associated with each one of the three exams. The chapters to which I make reference to in parts 2 and 3 are from the recommended textbook.

1. *Strategic Behavior*

Elements of game theory
Elasticities
Data and graphs

2. *Financial Markets I*

Financial markets and institutions (Ch. 2.6 - Ch. 2.9)
Allocating resources over time (Ch. 4)
Project sensitivity analysis (Ch. 6)

3. *Financial Markets II*

Market valuation (Ch. 7)
Bonds (Ch. 8)
Futures (Ch. 14)
Options (Ch. 15)

Disabilities: Students with disabilities who wish to request special accommodations need to do so through the procedures established by the Disability Resource Center or contact me as soon as possible.