Topics in Financial Econometrics

Module Code: ECO00042M  Credits: 10  Term: 2
Contact Hours: 8 two-hour lectures and 5 one-hour classes.
Module Organiser: Professor Y. Shin

Overview:

The module is about the application of econometric methods in finance. Topics to be studied will be drawn from CAPM\asset pricing models, the Term Structure, risk management, capital structure, volatility (forecasting) models with applications to Value-at-Risk, and optimal hedge ratios, and various applications of event-study methods.

Aims:

- to provide an introduction to the theory and practice of financial econometrics
- to enable students to study, discuss and evaluate contemporary research in the field
- to enable students to undertake the self-fulfilling empirical work

Objectives:

On completing the module a student will be able to:

- explain the analytical challenges posed by the properties of financial asset returns
- describe Value-at-Risk and related risk management measures
- explain the application of GARCH models in a variety of contexts
- explain and interpret CAPM and related asset pricing and term structure models

Assessment:

Assessment will be based on two in-course exercises (each 10%), one mini empirical project (10%) and two-hour unseen examination (70%) scheduled for the Summer Term.

Formative work:

Problem sheets and the project topic will be distributed, all of which will be graded, contributing to the final grade.

Co-requisites:

Econometrics 1 (ECO00013M), and Time Series (ECO00041M) should also be taken.

Main References:


More details will be available on Yorkshare VLE. Please check for any announcement or change on a regular basis.