



**ECONOMICS 133 – UC Santa Cruz  
SECURITIES MARKETS**

**Instructor: Vladyslav Sushko**

**Fall 2010**

**MWF 9:30-10:40AM, Stevens Acad. 150**

**1. Contact Information**

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Sections:

TUE. 6:00-7:10PM, 372 J. Baskin Engr.

TUE. 7:30-8:40PM, 372 J. Baskin Engr.

**2. Course Website**

Assignments and announcements will be posted on class website:

<http://people.ucsc.edu/~vsushko/econ133.php>

**3. Course Materials**

- *Essentials of Investments (8th Edition)* by Zvi Bodie, Alex Kane, Alan Marcus. Two books (8th and 7th edition) have been reserved in Science & Engineering Library. For the homework, please use the 8th edition
- *The Myth of The Rational Market* by Justin Fox; Publisher: HarperBusiness, First Edition - First Printing edition (June 9, 2009)
- *The Wall Street Journal*; Publisher Dow Jones & Co., Inc. 75% student discount for a 10-week subscription available in class and online at: <http://student.wsj.com>
- Three articles on the class website.

**4. Grading**

- Your grade will be based on homework, class participation (pop quizzes), two midterms, and a final examination. Weekly homework assignments will be posted on class website each Friday of the week prior. The relative weights are: final (40%), 2 midterms (20% each), 6 homework assignments (15%), and 6 pop quizzes (5%). We will drop the lowest homework and the lowest pop quiz score; **late homework will NOT be accepted, NO makeup quizzes will be given.**
- The final exam for this class is scheduled for **Wednesday, December 8, 2010 at 8:00AM**. If you know you cannot take the final at this pre-determined time, **DO NOT TAKE THIS CLASS**. If you take this class, do not make travel plans that conflict with the date and time of the final. **No makeup final exams will be given.**

## 5. Course Schedule (Subject to Change)

Day:	Date:	Assignments:	Reading:	Topics:
Friday	9/24/2010		BKM Ch.1	Introduction
Monday	9/27/2010		BKM Ch.3	
Wednesday	9/29/2010		<i>Myth of Rational Market Ch.1-2</i>	Financial Markets and Trading
Friday	10/1/2010	<b>HW1 Due</b>	BKM Ch.5	
Monday	10/4/2010		BKM Ch.5-6	Risk and Return
Wednesday	10/6/2010		<i>Myth of Rational Market Ch.3-4</i>	Efficient Diversification
Friday	10/8/2010	<b>HW2 Due</b>	<b>Rajan Article</b>	Finance and Global Risk
Monday	10/11/2010		BKM Ch.6-7	Efficient Diversification (Cont'd)
Wednesday	10/13/2010		<i>Myth of Rational Market Ch.5</i>	CAPM, APT
Friday	10/15/2010	<b>HW3 Due</b>		
Monday	10/18/2010		BKM Ch.7	CAPM, APT (Cont'd)
<b>Wednesday</b>	<b>10/20/2010</b>	<b>MIDTERM 1</b>	BKM Ch.10	Bond Pricing and Yields
Friday	10/22/2010		<i>Myth of Rational Market Ch.6</i>	
Monday	10/25/2010		BKM Ch.10-11	Bond Portfolios
Wednesday	10/27/2010		<i>Myth of Rational Market Ch.7-8</i>	Duration
Friday	10/29/2010	<b>HW4 Due</b>		
Wednesday	11/3/2010		BKM Ch.13	Equities
Friday	11/5/2010		<i>Myth of Rational Market - Ch.9-10</i>	
Monday	11/8/2010	<b>HW5 Due</b>	BKM Ch.2	Muni Bonds
Wednesday	11/10/2010		BKM Ch.15	Equity Indices
Friday	11/12/2010		<i>Myth of Rational Market - Ch.11-12</i>	Options Markets
<b>Monday</b>	<b>11/15/2010</b>	<b>MIDTERM 2</b>	BKM Ch.16	Options Valuation
Wednesday	11/17/2010		<i>Myth of Rational Market - Ch.13</i>	Portfolio Insurance
Friday	11/19/2010		<b>Carlson Article</b>	Black Monday-1987 Crash
Monday	11/22/2010		BKM Ch.17, <i>Myth of R. M.-Ch.14-15</i>	Futures and Swaps
Wednesday	11/24/2010	<b>HW6 Due</b>	<b>Brunnermeier Article</b>	2008 Financial Crisis
Monday	11/29/2010		BKM Ch.19	Interest Rate Parities
Wednesday	12/1/2010		<i>Myth of Rational Market - Ch.16</i>	FX Arbitrage
Friday	12/3/2010			
<b>Wednesday</b>	<b>12/8/2010</b>	<b>FINAL EXAM 8:00-11:00 AM</b>		

In addition to reading the assigned chapters and articles for each week, you are expected to read *The Wall Street Journal* or a comparable source on current developments in the financial markets. Occasionally you will be quizzed on one or two major financial headlines of the week and broad levels of key interest rates, price indices, and risk indicators.

