



**University of
Leicester**

DEPARTMENT OF ECONOMICS

**Information on core and
optional modules for
students on Economics
Masters programmes**

2011 – 2012

IMPORTANT:

You are required to choose your optional modules online. Detailed instructions on how to access module selection page will be sent to you by email.

Module registration starts on the 5th October and closes on the 14th October.

Information for Students on Economics Masters courses

This booklet contains information on modules for students entering the following degrees:

MSc in Economics

MSc in Banking and Finance

MSc in Business Analysis and Finance

MSc in Financial Economics

MSc in Money and Banking

It gives information on:

- a) The core and optional modules which make up the degree course, found at the beginning of the booklet.
- b) Brief information on the content and structure of each of the core and optional modules.

You are required to register your options online by the 14th of October. You can however change your options up to the end of the 2nd week of the second semester.

Change of Degree Course

Students wishing to change their degree course should see the relevant Programme Co-ordinators, or enquire at the Economics Office, either **before** or **during** registration.

Changes of Degree course are not permitted after the 14th October 2011.

MSc in Economics

Period of registration: One year full-time

Curriculum:

All candidates will take the following core modules:

Code	Module title	Semester	Core/Optional	Credit
EC7085	Macroeconomic Theory	1	C	15
EC7086	Microeconomic Theory	1	C	15
EC7087	Econometric Theory	1	C	15
EC7088	Mathematical Methods for Economics	1	C	15
EC7058	Applied Microeconometrics	2	C	15
EC7059	Applied Macroeconometrics	2	C	15
EC7089	Game Theory	2	C	15
EC7080	Dissertation (April-September)	-	C	60

Candidates will also take one optional module in semester 2 from the following

Code	Module title	Semester	Core/Optional	Credit
EC7061	Corporate Finance	2	O	15
EC7075	International Money & Finance	2	O	15
EC7076	Financial Derivatives	2	O	15
EC7094	Behavioural Finance	2	O	15
EC7096	Financial Systems and Economic Performance	2	O	15
EC7097	Financial Risk Management	2	O	15
EC7098	Fixed Income Securities	2	O	15
EC7101	Regulation of Business	2	O	15

MSc in Banking and Finance

Period of registration: One year full-time

Curriculum:

All candidates will take the following core modules:

Code	Module title	Semester	Core/Optional	Credit
EC7084	Principles of Finance	1	C	15
EC7091	Quantitative Methods for Business and Finance	1	C	15
EC7093	Principles of Banking	1	C	15
EC7095	Financial Statement Analysis	1	C	15
EC7090	The Macroeconomic Environment	2	C	15
EC7096	Financial Systems and Economic Performance	2	C	15
EC7080	Dissertation (April-September)	-	C	60

Candidates will also take two optional modules in semester 2 from the following:

Code	Module title	Semester	Core/Optional	Credit
EC7058	Applied Microeconometrics	2	O	15
EC7059	Applied Macroeconometrics	2	O	15
EC7061	Corporate Finance	2	O	15
EC7075	International Money & Finance	2	O	15
EC7089	Game Theory	2	O	15
EC7094	Behavioural Finance	2	O	15
EC7097	Financial Risk Management	2	O	15
EC7098	Fixed Income Securities	2	O	15

MSc in Business Analysis & Finance

Period of registration: One year full-time

Curriculum:

All candidates will take the following core modules:

Code	Module title	Semester	Core/Optional	Credit
EC7071	Economics of Organisation	1	C	15
EC7084	Principles of Finance	1	C	15
EC7091	Quantitative Methods for Business and Finance	1	C	15
EC7095	Financial Statement Analysis	1	C	15
EC7061	Corporate Finance	2	C	15
EC7101	The Regulation of Business	2	C	15
EC7080	Dissertation (April-September)	-	C	60

Candidates will also take two option modules in Semester 2 from the following:

Code	Module title	Semester	Core/Optional	Credit
EC7058	Applied Microeconometrics	2	O	15
EC7059	Applied Macroeconometrics	2	O	15
EC7075	International Money & Finance	2	O	15
EC7076	Financial Derivatives	2	O	15
EC7089	Game Theory	2	O	15
EC7090	The Macroeconomic Environment	2	O	15
EC7094	Behavioural Finance	2	O	15
EC7096	Financial Systems and Economic Performance	2	O	15
EC7097	Financial Risk Management	2	O	15

MSc in Financial Economics

Period of registration: One year full-time

Curriculum:

All candidates will take the following core modules:

Code	Module title	Semester	Core/Optional	Credit
EC7084	Principles of Finance	1	C	15
EC7091	Quantitative Methods for Business and Finance	1	C	15
EC7092	Investment Management	1	C	15
EC7095	Financial Statement Analysis	1	C	15
EC7061	Corporate Finance	2	C	15
EC7076	Financial Derivatives	2	C	15
EC7080	Dissertation (April-September)	-	C	60

Candidates will also take two option modules in Semester 2 from the following list:

Code	Module title	Semester	Core/Optional	Credit
EC7058	Applied Microeconometrics	2	O	15
EC7059	Applied Macroeconometrics	2	O	15
EC7075	International Money and Finance	2	O	15
EC7089	Game Theory	2	O	15
EC7090	The Macroeconomic Environment	2	O	15
EC7094	Behavioural Finance	2	O	15
EC7096	Financial Systems & Economic Performance	2	O	15
EC7097	Financial Risk Management	2	O	15
EC7098	Fixed Income Securities	2	O	15

Students wishing to study for the CFA examinations are advised to choose EC7097 and EC7098 as options in the second semester.

MSc in Money and Banking

Period of registration: One year full-time

Curriculum:

All candidates will take the following core modules:

Code	Module title	Semester	Core/Optional	Credit
EC7084	Principles of Finance	1	C	15
EC7091	Quantitative Methods for Business and Finance	1	C	15
EC7093	Principles of Banking	1	C	15
EC7095	Financial Statement Analysis	1	C	15
EC7075	International Money and Finance	2	C	15
EC7090	The Macroeconomic Environment	2	C	15
EC7080	Dissertation (April-September)	-	C	60

Candidates will also take two optional modules in Semester 2 from the following list:

Code	Module title	Semester	Core/Optional	Credit
EC7058	Applied Microeconometrics	2	O	15
EC7059	Applied Macroeconometrics	2	O	15
EC7061	Corporate Finance	2	O	15
EC7089	Game Theory	2	O	15
EC7094	Behavioural Finance	2	O	15
EC7096	Financial Systems and Economic Performance	2	O	15
EC7097	Financial Risk Management	2	O	15
EC7098	Fixed Income Securities	2	O	15

Module Descriptions for MSc Degrees

EC7058 Applied Microeconometrics Semester 2 15 credits

This course develops advanced quantitative modelling techniques through the study of selected topics in applied microeconometrics developing familiarity and critical awareness of recent empirical research in this area, and teaching the selected topics both at a conceptual level and through implementations in mainstream software such as STATA.

Contact: Dr. K. Tatsiramos

20 lectures, 5 seminars, 5 classes, estimated private study 82.5 hours. Total hours 112.5

Assessment: By two hour written examination (70%) and an empirical project to be completed by the middle of May (30%).

EC7059 Applied Macroeconometrics Semester 2 15 credits

This course develops advanced quantitative modelling techniques through the study of selected topics in macroeconomics, monetary economics and finance, developing familiarity and critical awareness of recent empirical research in these areas.

Contact: Dr. E. Mise

20 lectures, 4 seminars, 6 classes, estimated private study 82.5 hours. Total hours 112.5

Assessment: By two hour written examination (70%) and project(30%).

EC7061 Corporate Finance Semester 2 15 credits

The intended learning outcomes of this module are:

- An understanding of corporate financial objectives, the dimensions of corporate financial decision making and the role of financial markets.
- Awareness of the debate on the efficiency of financial markets.
- Appreciation of capital structure and capital budgeting theories.
- Understanding the working of the market for corporate control.
- Understanding of the debate on corporate dividend policy.
- Recognition of agency problems in corporate finance.

Contact: Dr. F. Adriani

18 lectures, 5 seminars, estimated private study 89.5hours. Total hours 112.5

Assessment: By two hour written examination (100%).

EC7071 Economics of Organisation Semester 1 15 credits

This modules has the following intended learning outcomes:

1. An appreciation of the role of economic analysis in understanding the process and outcomes of decision making in firms.
2. An understanding of the main models used to explain economic relations between self-interested parties acting under conditions of incomplete contracting and/or incomplete information.
3. An ability to understand the ways in which economic models help to understand real world phenomena.
4. The development of presentational skills.
5. The ability to read, understand and critically evaluate published academic research.

Contact: Dr. M. Hoskins

20 lectures, 5 seminars, estimated private study 87.5 hours. Total hours 112.5

Assessment: By two hour written examination (70%) and coursework (30%).

EC7075 International Money and Finance Semester 2 15 credits

The module aims to introduce students to the theoretical and empirical tools to be able to interpret relevant issues in modern international macroeconomics and finance.

Contact: Dr. J. Mitchell

20 lectures, 5 seminars, estimated private study 87.5 hours. Total hours 112.5

Assessment: By one and a half hour written examination (100%)

EC7076 Financial Derivatives Semester 2 15 credits

This module introduces options, futures, swaps and other derivative instruments to students and develops an understanding of pricing and use of these instruments in risk management. Topics include: Black-Scholes analysis, binomial pricing model, various measures of risk, portfolio insurance, option trading strategies, forward and future pricing.

Contact: Dr. D. Ladley

20 lectures, 5 seminars, estimated private study 87.5 hours. Total hours 112.5

Assessment: By two hour written examination (70%) and coursework (30%).

EC7080 Dissertation for MSc 60 credits

The dissertation is written under supervision over the period July to September and requires students to demonstrate their understanding of economic and empirical analysis in a research context; to demonstrate their ability to organise their research and to communicate their results to a wider audience both orally and in written form. Dissertation topics must be registered with the General Office in the second semester. Supervisors will be suitable members of staff and will be arranged by the Easter Vacation. Outlines for the dissertation should be prepared soon after the Easter Vacation in consultation with supervisors. Students will be expected to present these outlines in a seminar towards the end of the second semester and in the form of a written research proposal. Full time work on the dissertation will be during the summer period and students should contact supervisors early in July to arrange supervision sessions. Students must attend the Research Methods Course detailed in section 8.4 during the first and second semesters.

Contact: Dr. Q. Zhang

5 lectures, 6 hours supervision, 439 hours private study time. Total hours 450

Assessment: Dissertation (85%, maximum length 15,000 words) plus presentations (15%). Marking by two internal examiners, with reference to external examiner. 50% required for MSc pass

EC7084 Principles of Finance Semester 1 15 credits

This module introduces fundamental concepts and techniques used in modern finance theory. Topics include: compounding and discounting, financial decision-making under certainty and uncertainty, attitudes towards risk, portfolio analysis, market equilibrium and arbitrage in asset pricing.

Contact: Dr. S. Andrianova

20 lectures, 5 Tutorials, estimated private study 87.5 hours. Total hours 112.5

Assessment: By two hour written examination (100%)

EC7085 Macroeconomic Theory**Semester I****15 credits**

This module has the following intended learning outcomes:

1. An understanding of macroeconomic dynamics using optimal control theory and dynamic programming, with applications to social security
2. An understanding of the role of money with potential applications to money in the overlapping generations model, money in the utility function and cash in advance models.
3. An understanding of the rational expectations hypothesis and its application to the policy invariance theorem and to the formation of bubbles on asset prices.
4. An appreciation of consumption in an intertemporal framework with applications to certainty equivalence and precautionary savings.
5. An understanding of New Keynesian models with particular reference to nominal and real rigidities.
6. An understanding of some of the contemporary literature on unemployment with reference to monopolistic competition, wage staggering, and efficiency wages.
7. An appreciation of the role of multiple equilibria in macroeconomics.
8. Some understanding of credit market imperfections and the implications for macroeconomics.
9. An understanding of the justification and implications of the delegation of monetary policy under certainty and uncertainty focussing on the following: optimal Taylor rules, the rules versus discretion debate, time consistency of policy and conservative central banks.

Contact: Dr. S. Dhami

20 lectures, 10 seminars, estimated private study 82.5 hours. Total hours 112.5

Assessment: By two hour written examination (100%)

EC7086 Microeconomic Theory**Semester I****15 credits**

The module studies the analytical tools and concepts that are required to understand and develop advanced microeconomic theory. Topics studied include the firm, the consumer, decision under uncertainty, market structure and introductory game theory. It is intended that, on completion of the course, students will have learned how to apply the analytical tools to the study of these topics and also understand their application in the professional literature.

Contact: Prof. L. Renou

20 lectures, 10 seminars, estimated private study 82.5 hours. Total hours 112.5

Assessment: By two hour written examination (100%)

EC7087 Econometric Theory**Semester I****15 credits**

On completion of the course, the students should be able to envisage the techniques of econometrics as an organised system as opposed to a mere collection of recipes. As a result, they should be better equipped to assimilate unfamiliar econometric techniques which they might encounter subsequently. They should reach an understanding of how the theory of hypothesis testing is used to develop and to refine models of economic relationships. They should also understand the dynamic implications of an econometric regression model which contains distributed lags and lagged dependent variables.

Contact: Prof. S. Pollock

20 lectures, 10 seminars, estimated private study 82.5 hours. Total hours 112.5

Assessment: By two hour written examination (100%)

EC7092 Investment Management**Semester 1 15 credits**

This course helps you develop a way of thinking on how individuals make choices among investment alternatives. We will explore the design of optimum portfolios of securities in an uncertain environment and the measurement of their performance over time. Further, the role of FX dynamics in internationally integrated markets and derivatives instruments in managing risk will also be discussed. This is not meant to be a 'get-rich-quick' course. It proposes solutions and techniques subjected to real-world data and particular attention will be given to the provision of lasting conceptual frameworks, useful to analyze new ideas and future challenges in the investment environment.

Contact: Dr. S. Mutuswami

20 lectures, 5 seminars, estimated private study 87.5 hours. Total hours 112.5

Assessment: By two hour written examination (100%)

EC7093 Principles of Banking**Semester 1 15 credits**

At the end of this module, a typical student should be able to: Explain banking principles and the financial intermediation process. Gain a detailed understanding of a bank's balance sheet and income statements and their interrelationships. Explain the various asset and liability management approaches (on and off the balance sheet) available to bank managers to resolve the liquidity, profitability and risk trade-offs faced in banking; explain the importance of capital allocation (capital adequacy and Basel Accord) and VAR risk modelling in banking and have an understanding of key economic models of bank behaviour.

Contact: Dr S. Andrianova

20 lectures, 5 seminars, estimated private study hours. 87.5 Total hours 112.5

Assessment: By two hour written examination (100%)

EC7094 Behavioural Finance**Semester 2 15 credits**

The intended learning outcomes are as follows:

1. An introduction to the evidence on human choice in generic situations of risk and an understanding of Prospect theory which incorporates such evidence. Furthermore, students will see an actual application to finance- the equity premium puzzle- which is difficult to explain using the standard models but has a quite straightforward explanation under Prospect theory.
2. An understanding of how people use various heuristics to make actual choices. Students will learn a range of heuristics, such as the representativeness heuristic, gambler's fallacy, conservatism, anchoring, availability etc. Students will also gain an appreciation of evidence that conflicts with the notion that humans use strict optimization and Bayes rule and that they have the unbounded rationality. Some applications of these heuristics to finance will also be given.
3. An examination of the concept and evidence for and against the efficient markets hypothesis.
4. An understanding of the model of noise trader risk and an appreciation of why irrational traders might earn more than rational traders, why the rational traders might not be able to drive out the irrational traders and why rational traders might worsen asset mispricing.
5. An understanding of the implications for financial markets when there is a separation of brains and capital i.e. when there are dispersed and small investors who depend on professional arbitrage.
6. An understanding of the evidence and theoretical framework for underreaction and overreaction of stock market prices.
7. An understanding of the why there might be gradual (rather than instantaneous) flow of information in the stock market and the implications of that for momentum and trading volume.
8. An introduction of behavioural corporate finance and an examination of the reasons and implications of CEO overconfidence for investment and mergers.
9. An understanding of stock market bubbles and the implications for asset prices.

Contact: Dr. A. al-Nowaihi and Dr. S. Dhani

20 lectures, 10 seminars, estimated private study 82.5 hours. Total hours 112.5

Assessment: By two hour written examination (100%).

EC7095 Financial Statement Analysis**Semester 1 15 credits**

This module aims to develop a framework to analyze the financial information reported by firms. The module aims at providing knowledge of the use of accounting statements to produce a financial module of the firm. Particular attention is devoted to see how the framework can be used by investors and analysts to value companies. The course is supplemented by a series of seminars on Ethics and Professional Standards for financial analysis.

Contact: Mr. J. O'Hare

20 lectures, 10 seminars, estimated private study 82.5 hours. Total hours 112.5

Assessment: By two hour written examination (70%) and assessed coursework (30%).

EC7096 Financial Systems and Economic Performance**Semester 2 15 credits**

This module aims to advance student's understanding of modern financial systems, using economic theory and empirical evidence.

Contact: Prof. P. Demetriades

20 lectures, 4 seminars, 1 revision session, estimated private study 87.5 hours. Total hours 112.5

Assessment: By two hour written examination (70%) and assessed coursework (30%).

EC7097 Financial Risk Management**Semester 2 15 credits**

This module aims at introducing students to the models and techniques used in the financial industry to measure and manage risk. The module is broadly divided in 2 sections. The first is devoted to measuring risk deriving from a position or a portfolio. The concept of Value-at-Risk (VaR) will be discussed and various econometric methodologies used to measure market risk. The second part focuses on managing risks in financial institutions including liquidity, operational and credit risk along with the key regulations.

Contact: Dr. D. Ladley

20 lectures, 5 seminars, estimated private study 87.5 hours. Total hours 112.5

Assessment: By two hour written examination (100%)

EC7098 Fixed Income Securities**Semester 2 15 credits**

This course focuses on the concepts and tools that are useful to asset managers who want to use bond securities for investing, market-making or speculating. After an initial markets and instruments overview, followed by a thorough discussion of basic concepts (such as price-yield relationship, discount factors, and price sensitivity measures), we explore and analyze the quantitative tools used to value bonds and manage bonds' portfolios. Both economic intuitions and practical implications will be emphasized.

Contact: Dr. A. Rocha

20 lectures, 5 seminars, estimated private study 87.5 hours. Total hours 112.5

Assessment: By two hour written examination (70%) and coursework (30%)

EC7101 Regulation of Business**Semester 2 15 credits**

This module introduces students to the essential economic analysis needed to understand selected topics in the regulation of business. Topics for consideration include: competition policy, price and quality regulation, the legal background to business, tacit collusion, entry deterring strategies and international harmonisation.

Contact: Dr. S. Mutuswami

20 lectures, 5 seminars, estimated private study 87.5 hours. Total hours 112.5

Assessment: By two hour written examination (70%) and assessed coursework (30%).
