

**Isenberg School of Management  
University of Massachusetts-Amherst**

**FOMGT 310: Capital Markets and Institutions**

**Fall 2007**

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**Class Time:** 1:00-2:15 PM, M, W  
**Office Hours:** 4:00-5:00 PM, M, W

**Course Objective**

The primary objective of FOMGT 310 is to provide students with the basics of the financial institutions, instruments, markets and the public policies. The course materials cover various areas such as interest rates, money markets, fixed income securities markets, stock markets, commercial banks, securities firms, investment banks, mutual funds and hedge funds, financial statement analysis and risk management of the financial institutions. FOMGT 310 is the first course in financial markets and institutions and is also a useful preparation for other advanced finance courses in the future. FOMGT 301 is the prerequisite for this course. Students are also expected to have working knowledge of algebra, statistics, and Microsoft Excel.

**Course Materials**

1. Textbook: Saunders and Cornett, *Financial Markets and Institutions: A Modern Perspective*, 3rd Edition, Irwin/McGraw-Hill, 2007.
2. Lecture notes will be posted on my website.
3. Solutions for problem sets will be posted on the website after the assignments are turned in.
4. *The Wall Street Journal*.

## **Problem Sets**

There are five problem sets consisting of various questions. These problems are very useful in helping you understand the materials covered and consolidate the knowledge obtained in class. Solutions for these problem sets will be posted on my website after the assignments are turned in. **Late problem sets will not be accepted.** You are required to turn in these problems individually.

## **Exams**

There will be four exams: one final and three midterm exams. The final exam will occur during the week of December 17 as scheduled by the Isenberg School of Management. Most probably, it will be in our regular classroom and during our regular hours. A confirmation will be given later in the semester. The final exam is not comprehensive. All four exams carry equal weights. You can drop one bad exam and keep the remaining three at the end of the semester. **No makeup exam is allowed.** Please mark your calendar.

## **Class Participation**

I encourage you to ask questions and share your insights in class as much as possible. You and your classmates will benefit from this. We will constantly discuss the current market events and class materials. Class participation will count 5% of your final grade.

## **Grade Distribution**

Problem Sets	25%
Class Participation	5%
Exams	70%

The course grade is determined according to your performance relative to the others in the class.

## Course Outline

<u>Week</u>	<u>Date</u>	<u>Topic</u>	<u>Chapter</u>
Week 1	Sept. 5	Introduction	1
Week 2	Sept. 10	Interest Rates	2
Week 2	Sept. 12	Interest Rates	2
Week 3	Sept. 17	The Federal Reserve System	4
Week 3	Sept. 19	Money Markets <b>HW#1 Due</b> (Ch. 1: 7, 19; Ch. 2: 3, 9, 20; Ch. 4: 14, 16; Ch. 5: 9, 11, 13)	5
Week 4	Sept. 24	Bond Markets	6
Week 4	Sept. 26	<b>Midterm Exam I</b>	
Week 5	Oct. 1	Bond Markets	6
Week 5	Oct. 3	Mortgage Markets	7
Week 6	Oct. 9*	Stock Markets	9
Week 6	Oct. 10	Stock Markets <b>HW#2 Due</b> (Ch. 6: 4, 7, 13, 22; Ch. 7: 9, 19; Ch. 9: 1, 8, 12, 14)	9
Week 7	Oct. 15	Commercial Banks	11
Week 7	Oct. 17	Commercial Banks	11
Week 8	Oct. 22	<b>Midterm Exam II</b>	
Week 8	Oct. 24	Financial Statement Analysis	12
Week 9	Oct. 29	Financial Statement Analysis	12
Week 9	Oct. 31	Securities Firms and Investment Banks	16
*Makeup class for Monday, Oct. 8			
Week 10	Nov. 5	Securities Firms and Investment Banks <b>HW#3 Due</b>	16

(Ch. 11: 2, 8, 9, 22; Ch. 12: 2, 10, 16; Ch.16: 6, 9, 17)

Week 10	Nov. 7	Mutual Funds	17
Week 11	Nov. 14*	<b>Midterm Exam III</b>	
Week 12	Nov. 19	Hedge Funds	
Week 12	Nov. 21	Hedge Funds	
Week 13	Nov. 26	Risk Analysis	19
Week 13	Nov. 28	Risk Analysis <b>HW#4 Due</b> (Ch. 17: 12, 14, 15, 20; Ch. 19: 6, 7, 16, 21)	19
Week 14	Dec. 3	Credit Risk	20
Week 14	Dec. 5	Credit Risk	20
Week 15	Dec. 10	Liquidity Risk	21
Week 15	Dec. 12	Risk Management <b>HW#5 Due</b> (Ch. 20: 3, 8, 14, 19; Ch. 21: 5, 7, 9; Ch. 24: 8, 12, 16)	24
Week 16	Dec. 17	<b>Final Exam</b>	

\*Makeup class for Monday, Nov. 12