

UNIVERSITY OF CALIFORNIA  
DEPARTMENT OF ECONOMICS

SUMMER 2009  
PROF. SHOMALI

**ECONOMICS 136**  
**Financial Economics**  
**MTuWTh 8:00-10:00 am**  
**180 TAN**

**Instructor:** Professor Hamid Shomali  
697 Evans Hall  
Office Hours: T Th 11:30-12:00

Reader Lanwei Yang [lanwei@econ.berkeley.edu](mailto:lanwei@econ.berkeley.edu)

**Course Home Page:**

Notes, problem sets and solutions as well as some reading material will be posted on course home page.

**Required Text:** Bodie, Zvi, Alex Kane and Alan J Marcus, *Investments*, 8<sup>th</sup>. Edition, Irwin/McGraw-Hill, 2009

**Grading:**

First Exam	20%
Second Exam	20%
Final	40%
Homework	20%

**Supplementary Readings:**

Brealey, Richard A. and Stewart C. Myers, *Principles of Corporate Finance*, 9<sup>th</sup>. Edition, McGraw-Hill, 2008.

Brigham, Eugene F., and Phillip R. Daves, *Intermediate Financial Management*, 10<sup>th</sup>. Edition, SOUTH-WESTERN, 2007.

Fabozzi, Frank J., Franco Modigliani, and Frank J. Jones, *Foundations of Financial Markets and Institutions*, 4<sup>th</sup>.. Edition, Prentice Hall, 2009

Malkiel, Burton, *A Random Walk Down Wall Street*, W.W.Norton, 1999

Shiller, Robert J., *Irrational Exuberance*, Princeton University Press, 2000.

**Class Schedule:**

<b><u>Week</u></b>	<b><u>Topic</u></b>	<b><u>Chapters</u></b>
June 22-25	Financial markets Financial assets Quantitative Review Time Value of Money Principles of Asset Valuation	Bodie, Chapters 1, 2, 3, 4 & 18
June 29-July 2	Risk vs. Expected return Capital Allocation Model	Bodie, Chapters 5 & 6
July 6-9	Optimal Risky Portfolios Index Models	Bodie, Chapter 7 & 8
<b>July 9</b>	<b>First Exam</b>	
July 13-16	Capital Asset Pricing Model APT and Multifactor Models	Bodie, Chapters 9 & 10
July 20-23	Market Efficiency Behavioral Finance	Bodie, Chapter 11 & 12
July 27-30	Bond Prices, Term Structure Of Interest Rates and Bond Portfolios	Bodie, Chapter 14, 15 and 16
<b>July 30</b>	<b>Second Exam</b>	
August 3-6	Options, Option Valuation Futures	Bodie, Chapters 20, 21 & 22
August 10-13	Portfolio Performance Evaluation, International Diversification And Hedge Funds	Bodie, Chapter 24, 25 & 26
<b>August 13</b>	<b>Final Exam</b>	

