

FIN 372 Spring 2013

Applied Financial Research

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Class: M/W 9:30AM~10:45AM, CBA 4.344
Office Hours: M 11:00AM~12:00PM
W 2:00PM~3:00PM

Course Overview

This course is designed for students interested in developing quantitative analytical skills and producing or understanding current financial research. Students will come away with both a better understanding of the frontiers of knowledge in finance and the ability to apply skills and techniques to rigorously test a wide variety of ideas. To that end, the course introduces empirical methods used in corporate finance research and reviews the basic concepts, merits, and applications of relevant statistical and econometric techniques. Students will read papers and apply these techniques in exercises and a final project.

Textbook

Introductory Econometrics: A Modern Approach by Jeffrey M. Wooldridge, South-Western (ISBN-10: 1111531048, ISBN-13: 978-1111531041)

Course Website

UT Blackboard (<https://courses.utexas.edu/>)

Notes on the Calendar

No class on Martin Luther King Jr. Day (January 21, Monday)

Format of the Class

Classes will take the form of lectures, empirical exercises and paper discussions. Material from the textbook, along with additional material, will be covered in lectures. On days where an external reading assignment is posted as being due, we will have a discussion of the assigned paper. **You are expected to have read the paper and to be prepared to answer questions about the content and to engage actively in the discussion. Most discussion will be on a voluntary basis, but I will occasionally cold-call students during these discussions. This will count towards class participation.**

Topics

Below is the **preliminary** outline of the topics covered in class. I reserve the right to make changes as needed. We will see some finance/economics examples and/or papers related to the topics.

- Simple Linear Regression
- Multiple Linear Regression
- Quantitative Information (Binary, Dummy)
- Endogeneity
- Instrumental Variables
- Panel Data
- Limited Dependent Variables

Course Policies

- Students are responsible for all material in the lectures.
- Students are responsible for finding out about any administrative announcements made during lectures that they miss.
- If you suspect an error in my grading of your exam, you must submit *in writing* your full reasoning for why the grade is in error. This must be done in a timely fashion (i.e. within 48 hours of when the class is given access to the exams).
- Students missing an exam for good reason, including and more or less limited to illness or death (or extremely serious illness) in the family, may be given the opportunity to make up the exam or may instead have the remaining exams count for a higher percentage of the grade, at my discretion. Students missing an exam for a reason that I do not consider “good” (e.g. oversleeping, travel for weddings) will, at my discretion, either (1) receive a zero on the exam or (2) take the makeup exam and receive the lower of the two class grades, calculated with and without the makeup exam.
- Students can collaborate on homework assignments but each student has to write up and turn in his/her own assignments. When collaborating, students must indicate by writing on the assignments the names of students that they worked with. Of course, there is no collaboration for any quizzes and exams.
- Homework assignments must be legible. Illegible assignments get no credit.
- Students should show their work to reach the answers for homework assignments. Writing down only answers gets no credit.
- Homework assignments must be turned in due date. Late submission will not be considered.

Grading

There will be two homework assignments, two quizzes, two midterm exams and one final project. Everything covered in class can be on exams, even if not in the textbook. Students participation will be graded by either going through the roster or calling on students for questions related to the lectures or papers in some classes. The weight of each for the final grade will be:

Class Participation:	10%
Homework:	15%
Quizzes:	15%
Midterm I (February 27, Wednesday):	17.5%
Midterm II (April 17, Wednesday):	17.5%
Final Project:	25%

The class will be “curved” in the sense that there is no established mapping between numerical grades on exams and final grades. I will provide sufficient statistical information about the distribution of grades on exams and other assignments that you will be able to tell where you stand.

Final Project

The final project is worth 25% of the final grade. It consists of 1) Report (10%), 2) Presentation (10%) and 3) Participation (5%). The project will be completed in teams of two or individually. You will be expected to perform a data analysis using any techniques we cover in class. It would be ideal to have a finance topic for the analysis. However, you can choose topics in other area (e.g. labor, management, marketing) as long as it fits the purpose of the class. It is important that each team's project gets approval from me before starting to work on the project. It would be a waste of everyone's time if the project does not fit into the class.

The project report should be turned in 36 hours before the scheduled presentation. The submitted report will be distributed to the class so that the rest of students will know what the presentation is about. The last three to five (depending on enrollment) class meetings will be dedicated to the presentations. Each team will have 15 minutes to present. After each presentation, we will have 5 minutes allocated to a Q&A session. Each student (not each team) should ask at least three questions during presentation weeks. It will be useful to read the project report of the presentation team beforehand to come up with questions. This participation requirement counts for 5% of the final grade.

Students with Disabilities

The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641 TTY.

Academic Integrity

Official University Statement: *The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the Policy Statement on Scholastic Dishonesty for the McCombs School of Business: By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all of the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification. Policy on Scholastic Dishonesty: Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/sjs/> or the General Information Catalog to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.*

Class website

Password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see: <http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html>.