

ECON 174 -- SYLLABUS (Winter 2017)
Foster, UCSD, January 20, 2017

"All of life is the management of risk, not its elimination."
 Walter Wriston (former CEO of CitiGroup)

Teaching Staff and Consultation Hours			
Name/Position	Times	Room	Contact Info
Carroll B. Foster (PhD/Lecturer)	I don't have an office yet. (See note below ¹)		cfoster@ucsd.edu
Assad Dossani Irina Zhecheva (R)	M, 12 ³⁰ - 2 ³⁰ pm /////	ECON 115 /////	adossani@ucsd.edu izhechev@ucsd.edu

Course Information

- Course title: FINANCIAL RISK MANAGEMENT (ID = 893557)
- Lecture A00 – MWF, 9-9⁵⁰ am, HSS 1330
- Prerequisite: Ec 173A

Books and Materials

- Hull, *Fundamentals of Futures and Option Markets*, 8th ed., Prentice Hall. [Required] ²
- Bodie/Kane/Marcus, *Investments*, 10th ed. [Required (any recent edition)]³
- Lecture notes, practice problems, old exams at course webpage: *TritonEd.ucsd.edu*

Some Suggested Reading

- Bernstein, *Against the Gods*, Wiley (1998). History of risk management and probability.
- Taleb, *The Black Swan*, Random House (2007). Everything you know is wrong.
- Michael Lewis, *The Big Short: Inside the Doomsday Machine*, Norton (2010).

Calendar

- Holidays: Monday, 16 JAN, MLK; Monday, 20 FEB, Presidents Day
- Midterm: Monday, 13 FEB, 9-9:50 am, in HSS 1330
- Final: Wednesday, 22 MAR, 8-11 am, in HSS 1330 or _____

Course Outline & Reading List		
Topic	Hull 8 th	BKM 9 th
1. INTRO & REVIEW	Ch. 1	§2.5
2. FUTURES I -- MARKETS & TRADING	Ch. 2	§22.1-22.2
3. FUTURES II – HEDGING & STRATEGIES	Ch. 3	§22.3; §23.1-23.2
4. FUTURES III – FUTURES PRICING	Ch. 5	§22.4-22.5; §23.5
5. OPTIONS I -- MARKETS & STRATEGIES	Ch. 9, 11	Ch. 20
6. OPTIONS II – OPTION PRICING THEORY	Ch. 10, 12-13	Ch. 21
7. INTEREST RATE RISK	Ch. 4, 6-7	Ch. 14-15; §16.1; §23.3-23.4

¹ Until my regular office is remodeled, I can meet you after class outside HSS 1330, starting at about 9⁵⁰ am, MWF.
² There is an optional solutions manual to go with this book. Any recent edition will do.
³ You should still have a recent edition from your Ec 173A class.

Examinations and Grading

- Midterm = 40 points; cumulative final = 80
- You may consult my notes (on paper) and **one** 8.5 x 11" sheet of your own notes (both sides); you may NOT consult old exams or Econ Tutor stuff. You need a working calculator. You must sit in your assigned seat.
- If you arrive late to an exam, I will allow you to take the exam in the time that remains *as long as no one has turned in an exam and left the room*. Once a classmate has turned in an exam, you will not be allowed to begin the exam and will get a zero.
- No rescheduled or make-up exams. You **MUST** take final with the rest of the class on schedule during finals week. Plan your schedule accordingly.
- If you miss the midterm for a verifiable sports/legal/medical reason, I will excuse you from the midterm and base your grade on the final.

About Cheating

1. There is a LOT of it at UCSD. Honest students are put at a disadvantage by cheating students, and I hate that. Hence, my exam and scoring rules and restrictions.
2. I give multiple versions of tests. If I suspect that your answer on an exam has been copied from another student's paper, I give you the negative of the question's value. In severe cases of violations of academic integrity, I withhold your score and send your paper to AIC for resolution. AIC will contact you and tell you your options.
3. If AIC finds you guilty, your college will impose penalties, and I give you an F in the course.

My assigned seat for exams in HSS 1330 is _____