

University of Southern California
Econ 457: Financial Markets
Fall 2024

Information

Professors:	John Bellows	and	Marianne Andries
	jbellows@usc.edu		andries@usc.edu
	KAP 302b		KAP 364
	Office hrs: Tu/Th 8:30-9:30a		Office hrs: Tu/Th 9:30-10:30a

TA: Hang Liu
hliu9506@usc.edu

Lecture: KAP 156
Tues & Thurs, 3:30 – 4:50p

Textbook: “Investments”
Bodie, Kane and Marcus, 13th Edition

Reading Assignments

Students are expected to complete the assigned readings *before* each lecture. Readings primarily consist of chapters from the textbook. There may be additional supplemental readings, which will be listed on Brightspace.

Lecture Slides and Notes

Lecture slides will be posted to Brightspace before each lecture. Lectures will follow the structure and content of the slides. However, the information contained in the slides will not be comprehensive. Class discussion and writing on the chalkboard (or iPad) will supplement the material in the slides. Students are encouraged to take their own notes during class, as the posted lecture slides will be a poor (incomplete) record of the material.

Evaluation

Homework: Regular homework assignments will help students track their own progress, as well as prepare for the exams. Exam questions will closely resemble those assigned in the homework.

I will usually assign homework at the end of class. Hard copies of every homework are due at the beginning of each class. **YOU MUST STAPLE YOU HW. PLEASE DO NOT FOLD HW IN THE CORNER.** If for some reason you are unable to attend a particular class session, be sure to email the TA a PDF of your HW prior to the start of the class session. Homework solutions will be posted right after class to Blackboard for all assignments.

Project: More information will be provided in later in the semester regarding the project. It will likely involve some work in MS Excel or a similar spreadsheet program. You are free to work in groups or individually, but each person must turn in their own project.

Midterms and Final: Each section will have a midterm. There will also be a final exam.

All exams are closed book, although you will be allowed a single double-sided 8½ × 11 page of notes for the midterm and the final. Do not bring two pages of notes to an exam. For both exams, you will need a calculator that can raise numbers to arbitrary powers. Laptop computers and calculators with word-processing features are not permitted for use in an exam.

Inability to Take an Exam: Excused absences from either a midterm or final will be evaluated on a case-by-case basis and must be approved by me prior to the exam. In the event you are unable to take a midterm exam due to an excused absence, the final exam will count for the midterm + final exam grade. In the event you are unable to take the final exam due to an excused absence, you will be required to take an Incomplete in the course and will be required to take the final exam the following semester, on the time and date it is taken by that class in order to remove the Incomplete grade. No special accommodations will be made in this circumstance including allowing you to take the exam at a different time or at a different location. Per University policy, students are required to make up the work to satisfy a grade of Incomplete within one year. Extensions beyond the University-mandated one-year window will not be granted.

Grades will be computed as follows:

Homework	10%
Midterm 1	15%
Midterm 2	15%
Project	20%
Final	40%

Course Content and Readings

NOTE: This may be changed or updated. Changes will be posted on Brightspace and students will be notified via email.

Introduction

Week 1
(Bellows) Topic: The Investment Environment
 Dates: August 27 and 29
 Reading: Bodie et al, Chapters 1 and 2

Week 2
(Bellows) Topic: Rates of Return
 Dates: September 3 and 5
 Reading: Bodie et al, Chapter 5

Fixed Income

Week 3
(Bellows) Topic: Bond Prices and Yields
 Dates: September 10 and 12
 Reading: Bodie et al, Chapter 14

Week 4
(Bellows) Topic: Term Structure of Interest Rates
 Dates: September 17 and 19
 Reading: Bodie et al, Chapter 15

Week 5
(Bellows) Topic: Managing Bond Portfolios
 Dates: September 24
 Reading: Bodie et al, Chapter 16

Mid-term #1: Thursday, September 26; normal class time/location

Equities and Derivatives

Week 6
(Bellows) Topic: Equity Valuation Models
 Dates: October 1 and 3
 Reading: Bodie et al, Chapter 18

Week 7
(Bellows) Topic: Futures
 Dates: October 8 (no class on October 10)
 Reading: Bodie et al, Chapter 22

Risk and Uncertainty

Week 8 (Bellows / Andries)	Topic: Dates:	Other Derivatives / Uncertainty October 15 and 17
Week 9 (Andries)	Topic: Dates:	Uncertainty October 22 and 24
Week 10 (Andries)	Topic: Dates:	Risky Assets October 29

Mid-term #2: Thursday October 31; normal class time/location

Portfolio Construction, CAPM, and Efficient Markets

Week 11 (Andries)	Topic: Dates: Reading:	Portfolio Construction November 5 and 7 Bodie et al, Chapter 6
Week 12 (Andries)	Topic: Dates: Reading:	Diversification November 12 and 14 Bodie et al, Chapter 7
Week 13 (Andries)	Topic: Dates: Reading:	CAPM November 19 and 21 Bodie et al, Chapter 9
Week 14 (Andries)	Topic: Dates: Reading:	Efficient Markets Hypothesis November 26 (no class on Nov 28) Bodie et al, Chapter 11
Week 15 (Andries)	Topic: Dates: Reading:	TBD December 3 and 5 TBD

Final Exam: Tuesday, December 17 at 2:00 pm, Location TBA

Statement on Academic Conduct and Support Systems

Academic Conduct:

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, “Behavior Violating University Standards” policy.usc.edu/scampus-part-b. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, policy.usc.edu/scientific-misconduct.

Support Systems:

Counseling and Mental Health - (213) 740-9355 – 24/7 on call
studenthealth.usc.edu/counseling

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call
suicidepreventionlifeline.org

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press “0” after hours – 24/7 on call

studenthealth.usc.edu/sexual-assault

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office of Equity and Diversity (OED) - (213) 740-5086 | Title IX – (213) 821-8298
equity.usc.edu, titleix.usc.edu

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298
usc-advocate.symplicity.com/care_report

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity | Title IX for appropriate investigation, supportive measures, and response.

The Office of Disability Services and Programs - (213) 740-0776
dsp.usc.edu

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

USC Campus Support and Intervention - (213) 821-4710

campussupport.usc.edu

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity at USC - (213) 740-2101

diversity.usc.edu

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call

dps.usc.edu

Non-emergency assistance or information.