

Introduction to Financial Markets

UGRA_013015

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| Departments | Department of Economics, Finance & Accounting |
| Teaching Languages | English |
| ECTS | 6 |
| Teacher responsible | Spinoglio Francesco - francesco.spinoglio@esade.edu |

Course Goals

The aim of this course is to provide you with a strong understanding of financial markets and the main types of products traded within these markets. The course will focus on the money markets, the foreign exchange markets and fixed income markets. You will learn how instruments are priced, how they are traded, and how they are used to hedge financial risks.

Previous knowledge

No previous knowledge is required to take this course.

Teaching methodology

The course will be taught in a practical way, according to the methodology learn by doing. In addition, discussion and debate among students will be encouraged to foster collaborative learning. The intention is to make the course engaging and motivating for students, allowing them to acquire practical skills in financial markets.

Description

Course contribution to program

In recent years the financial system has been characterized by extreme volatility together with a rise in the level of instability in interest rate, equity, foreign exchange and commodity markets. Financial institutions and multi-national corporations face challenges and opportunities on a daily basis and it is necessary to develop strategies to adapt to these changing business conditions. A grasp of global financial markets and the products traded within them is vital in order to understand what these challenges and opportunities are and how they can be managed and exploited.

Short description

The course has been designed on three levels in order to promote understanding and the implementation of the basic concepts. The syllabus has therefore been designed to include: 1.A theoretical level: Theoretical concepts are formally presented and then applied by means of examples. In order to do so, students will be provided with materials that are used in class to develop each subject. 2.A self-learning level: Students will be given reading assignments on both theoretical and research contents which will provide them with in depth knowledge of the topics that are covered in class. 3.A relational or group level: The course makes use of the case study methodology whereby students working in groups can analyze, propose and put forward solutions to the cases they have been assigned.

Program Learning Objectives

GEL23-Bachelor of

- General Management Skills
- Recognise the economic, legal and social concepts that define the context of different

Global Governance, Economics and Legal Order

stakeholders in the context of international relations and global governance.

- Critical and Analytical Thinking
 - Apply relevant techniques and tools to analyze and evaluate economic and financial information.
- Economic Analysis
 - Interpret the economic-financial situation of a company or institution using accounting tools.

Bibliography

John Murphy, Technical Analysis of the Financial Markets. (Book)
 Marcos López de Prada, Machine Learning for Asset Managers (Elements in Quantitative Finance) (Book)
 Jesús Huerta de Soto, Money, bank credit and economic cycles. (Book)
 Benjamin Graham, The Intelligent Investor (Book)
 Alice Schroeder, The Snowball: Warren Buffett and the Business of Life. (Book)
 Aswath Damodaran, Investment Valuation: Tools and Techniques for Determining the Value of Any Asset. (Article)

Activities

In-class discussions and debates

Discussions and analysis of financial markets in real time.

Analytical exercises

Company analysis applying investing in value formulas.
 Technical and quantitative analysis of different assets.

Fieldwork

Active management of an investment portfolio.

Group presentations

Presentation of an investment portfolio.

Content

| # | Topic |
|---|---|
| 1 | Session 1: Introduction to Financial Markets 1.1. Overview of Investment Banking 1.2. Key Functions: Advisory, Underwriting, Sales, and Trading 1.3. Introduction to Monetary Policy 1.4. Central Banks and Their Roles 1.5. Interest Rates and Inflation 1.6. Economic Indicators and Their Impact 1.7. Expectative Value (EV) to invest in Financial Markets. |
| 2 | Section 2: Different Types of Assets 2.1. Market operations 2.2. Equity and Debt Markets 2.3. Contracts for Difference(CFD) vs Futures 2.4. Options 2.5. Foreign Exchange (Forex) Markets 2.6. Commodities 2.7. Cryptocurrencies. |
| 3 | Section 3: Technical and Fundamental Analysis 3.1. Fundamental Analysis Principles 3.2. Ratios: price earnings ratio, dividend, yield ratio, ROE and ROA 3.3. Financial Statements and Ratios 3.4. Valuation Methods: DCF, Comparable Company Analysis, Precedent Transactions, Value Investment 3.5. Technical Analysis Tools and Techniques 3.6. Chart Patterns and Indicators 3.7. Combining Technical and Fundamental Analysis. |
| 4 | Section 4: Portfolio Management 4.1. Diversification and Risk Management 4.2. Modern Portfolio Theory (MPT) 4.3. Asset Allocation Strategies 4.4. Portfolio Performance Evaluation 4.5. Ethical and Sustainable Investing. |

Assessment

| Tool | Assessment tool | Category | Weight % |
|---------------------------|-----------------|---------------------------|----------|
| Learning report analysis | Participation | Ordinary round | |
| Learning report analysis | Assignments | Retake and ordinary round | |
| Written and/or oral exams | Final Exam | Retake and ordinary round | |

PROGRAMS

113S-Law Exchange Program (Undergraduates: Law)
113S Year 1 (Optative)

GDL20-Double Degree in Law and Global Governance, Economics and Legal Order (Undergraduates: Law)
GDL20 Year 3 (Mandatory)

GEL19-Bachelor of Global Governance, Economics and Legal Order (Undergraduates: Law)
GEL19 Year 3 (Mandatory)

GEL23-Bachelor of Global Governance, Economics and Legal Order (Undergraduates: Law)
GEL23 Year 2 (Mandatory)