



Sungkyunkwan University (SKKU) International Summer Semester (ISS) 2017
"New Experience, New Engagement"

Capital Markets

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SHORT COURSE DESCRIPTION

Regardless of whether you want to invest your own money, become an investment banker, a Chief Financial Officer or Marketing Director, understanding the main ideas and concepts behind Finance is essential to your personal and professional life. In an increasingly globalized world, financial instruments have become more and more complex. Thus, it is important to know what they are, how they work and how they can affect your personal decisions.

Capital Markets provides students with a general overview of today's financial markets and their main characteristics, covering a varied set of instruments such as stocks, bonds and derivatives. We'll discuss how to price securities, how to measure their risk and how modern financial markets operate.

The course will involve lectures and group work, creating an engaging and stimulating environment for a better understanding global financial markets.

READING MATERIALS

Students will receive lecture slides and preparation sheets in advance for each day, outlining the key learning points. There is also two case studies a case study for the class on July 5th. No additional reading is necessary.

COURSE REQUIREMENTS AND GRADING

The course involves a combination of lectures, in-class problem sets and discussion of daily news on the Wall Street Journal (WSJ) newspaper. Students are encouraged to participate and will be "cold-called" to express their views.

Each class will start with a 15-20 minute discussion of the cover of the WSJ newspaper, followed by lectures covering the main topics of the day. Students should bring their laptops to class as some classes will require searching the internet for information. There will be also group work where students will spend time working on a few questions about the topics covered in class.

Grades will be based on class participation, a final exam, and a group presentation about a global company. Marks will be allocated using the following scheme:

Class Participation: 10%

Group Presentation: 30%

Individual Multiple-Choice Final exam: 60%

Please note: All ISS classes are pass/fail, but students can request a letter grade if their home university requires it. SKKU regulations require students to attend at least 80% of all classes in order to pass the course.

COURSE SCHEDULE

– WEEK I –

Tuesday (27 June)

Introduction to Financial Markets: Main Players and Securities
Finding financial information

Wednesday (28 June)

How does the economy work?
How governments manage economic policy?
How does news affect financial markets?

Thursday (29 June)

Stocks and Stock Market Indices
Computing Returns and Risk
Forming stock portfolios

Friday (30 June)

Interest Rates & Debt Instruments
Basic Bond Pricing

– WEEK II –

Monday (3 July)

Group Work: Problem set based on Financial Times financial data
Discussion of answers

Tuesday (4 July)

Introduction to Derivatives: Futures
Hedging vs Speculation

Wednesday (5 July)

Introduction to Derivatives: Options
Video: The Trillion Dollar Bet

Thursday (6 July)

Introduction to Valuation: Multiples
Group Work: Estimating the fair value of companies

Friday (7 July)

Case Study: “Volkswagen AG: Valuation in 2009” (please read the case in advance)
Group work of case’s questions and class discussion

– WEEK III –

Monday (10 July)

Quiz
Introduction to Financial Statements (Cont.)

Tuesday (11 July)

Introduction to Valuation: Dividend Discount Model
Price / Earnings and long-term growth opportunities.

Wednesday (12 July)

Analyzing a stock: Current situation, future opportunities and stock price performance.
Group work: Select a company to analyze, find financial information and start preparing presentation.

Thursday (13 July)

Prepare Slides and Rehearse presentations with your team members.

Friday (14 July)

Group Presentations (each group will present an analysis of a company traded on stock markets)
Summary and Final Conclusions

– WEEK IV –

Monday (17 July)

Final Exam