



APPLIES TO ACADEMIC YEAR 2005/2006

EXC 2505 Empirical Methods in Finance

Program

Bachelor of Science in Business (3. year).

Responsible for the course

Kjell Jørgensen

Department

Financial Economics

Term

According to study plan

ECTS Credits

6

Objective

The aim of the course is to provide students with an elementary but comprehensive introduction to econometrics. Special attention will be given to methods required for solving empirical issues in finance.

Prerequisites

EXC 2300 Basic Financial Management or equivalent.

Compulsory literature

Books:

Gujarati, D.N. 2003. Basic econometrics. 4th ed.. New York: McGrawHill + 1 optical plate (CD-ROM)

Recommended literature

Other:

Any basic econometrics book

Course outline

1. Introduction to econometrics applied to finance (Introduction and ch.1)
2. Two variable regression (ch.2 - ch.6)
3. Two variable regression (ch.2 - ch.6)
4. Multiple regression (ch.7 - ch.8)
5. Multicollinearity (ch.10)
6. Heteroscedasticity (ch.11)
7. Autocorrelation (ch.12)
8. Model specification (ch.13)
9. Dummy variables (ch.9)
10. Time series econometrics (ch.21)
11. Event studies (lecture notes, hand-out)

Computer-based tools

Students are required to use computer-based tools such as Excel, SPSS and/or Microfit or the equivalent.

Course structure

The course is based on 36 teaching hours plus 6 hours of problemsolving using statistical software.

Evaluation

The course is concluded with three exams which must be passed with an E or better. A three-hour written exam at the end of the course counts for 60% of the final grade while 2 written assignments during the course count for the remaining 40%.

Evaluation code(s)

EXC 25051 - Process evaluation counts 100% of the final grade in EXC 2505 Empirical Methods in Finance, 6 credits.

Aids at the examination

Programmable calculator.

Makeup exam

A re-sit is held in at the next scheduled exam in the course. Students who are taking new exam must take the course all over including all parts of evaluation.