APPLIES TO ACADEMIC YEAR 2006/2007

EXC 2605 Financial Methods

Program
Bachelor in Business Administration (3. year)

Responsible for the course
Knut Sagmo

Department
Financial Economics

Term
According to study plan

ECTS Credits
6

Objective
To acquire and develop basic analytical, and practical computing, skills within three main areas of investments and finance: (1) Financial mathematics, (2) Mean-variance efficient portfolio design, and (3) Financial derivatives. Skills in analyzing market generated data from the Oslo Stock Exchange is emphasized and facilitated by applying software such as Excel, SPSS, and Maple.

Prerequisites
EXC 2300 Basic Financial Management and BØK 9932 Financial Strategy (offered during Spring semester). Equivalent courses may be approved.

Compulsory literature
Books:
Benninga, Simon. 2000. Financial modeling. 2nd ed. Cambridge, Mass.: The MIT Press

Other:
Atricles and other material discussed in class

Recommended literature
Books:
Ross, S.A., R.W. Westerfield, and J. Jaffe. 2006. Corporate finance. 7th. ed. Boston, Mass.: McGraw-Hill/Irwin

Course outline

- Introduction: Financial models, matematics and software applications.
- Financial mathematics I: Modeling intertemporal consumption and savings decisions.
- Financial mathematics II: Time-series data as geometric series.
- Stochastic data: Log-normal stockprices.
- Introductory mean-variance efficient portfolio design.
- Derivatives: Pricing and proactive financial risk management.

Computer-based tools
Excel, SPSS, and Maple.

Course structure
36 lecture-hours plus 6 hours of pracise sessions during the spring term.

Evaluation
Grade determined on the basis of performance on a three-hour, written (closed-book) exam given at the end of the lecture series.

Evaluation code(s)
EXC 26051 - written exam, counts 100% towards final grade in EXC 2605 Financial Methods, 6 ECTS credits

Aids at the examination
Interest rate tables and programmable calculator.

Makeup exam
Next regular exam.