

Master of Science in Applied Economics
University of Maryland, College Park
(Online Program)

ECON 670: Financial Economics (Fall 2025)

Instructor Name	Joonkyu Choi
Instructor Email	choijk85@umd.edu
Class Meetings	Tuesdays 6:30-7:30pm, and 8:00-9:00pm (Zoom link provided via ELMS). Additional asynchronous content (including 2-3 video lecture supplements) will be provided weekly via the course website.
(Online) Office Hours	By appointment. Zoom link will be provided via course website.
Midterm	10/7
Final	11/18
TA Name	Sergio Rivera
TA Email	river@umd.edu
TA Office Hours	Thursdays 5:15-6:15pm

Overview

This course applies microeconomic and macroeconomic theories and applied econometric techniques to the study of financial markets and investment. The course will cover the interaction between the macroeconomy, financial markets, and monetary policy. Students will also learn how economists model and estimate the value of financial assets. Specific topics include bonds, behavior of interest rates, portfolio theory, capital asset pricing model, efficient market hypothesis, and equity valuation.

Course Objectives

Our program has 7 general learning objectives:

- 1. Ability to understand, evaluate and analyze economic data**
- 2. Ability to understand and interpret statistical evidence from economic data**
- 3. Ability to apply empirical evidence to assessing economic arguments**
- 4. Ability to apply macroeconomic theories to policy discussions**
- 5. Ability to apply microeconomic theories to policy discussions**
- 6. Ability to communicate economic ideas to a broader audience**
7. Ability to evaluate the effectiveness of policy programs using sound economic techniques

The learning outcomes that pertain to this course are: 1, 2, 3, 4, 5 and 6

Prerequisites

ECON 641 and ECON 643.

Textbook

Zvi Bodie, Alex Kane and Alan J. Marcus, *Investments*, 12th Edition, McGraw Hill

Course Outline

Week	Date	Topic	Textbook Chapters
1	9/2	Financial Assets and Time Value of Money	1, 2, Notes
2	9/9	Bond Pricing	14, 16
3	9/16	Equilibrium Interest Rates and Risk Structure	14, 16
4	9/23	Term Structure of Interest Rates	15
5	9/30	Risk, Return and Capital Allocation to Risky Assets	5,6
6	10/7	Midterm / Efficient Diversification	7
	10/14	Fall Break – No Class	
7	10/17	Efficient Diversification (cont'd) and the CAPM *This “extra” class on a Friday evening, is designed to ensure that the course meets 12 times, despite the winter break on 10/17.	7, 9
8	10/21	The Efficient Market Hypothesis	11
9	10/28	Equity Valuation Models	18
10	11/4	Financial Statement Analysis	19
11	11/11	Options and Futures	20, 22
12	11/18	Final Exam	

Grading Policy

Individual assignments	20%
Group Assignment	15%
Midterm	25%
Final	25%
Presentation	10%
Online Discussion	5%
Total	100%

Individual Assignments

There will be three assignments which involve empirical analysis using financial and macroeconomic data and require the use of STATA. All assignments must be submitted through ELMS. Students are encouraged to meet with the TA to discuss any questions regarding assignments. Here are the schedules for the assignments:

	Release	Submission Deadline
Assignment 1	9/16	9/30
Assignment 2	10/7	10/21
Assignment 3	10/21	11/4

The use of AI tools is strictly prohibited. Any use of AI tools for an assignment will result in a score of zero.

Group Assignment

There will be one group assignment involving empirical analysis using financial and macroeconomic data, which will require the use of STATA. The assignment will follow a similar format to the individual assignments, but it will be more challenging and will require teamwork. The completed assignment must be submitted through ELMS, and students may meet with the TA to discuss any questions. The assignment will be released on October 28, with a submission deadline of November 18.

Exam Policy

There will be two exams: a mid-term and a final. Final exam is NOT cumulative. Calculators are needed and you may use Excel spreadsheets. The use of AI tools is strictly prohibited. Any use of AI tools during an exam will result in a score of zero. The midterm and final must be taken on the scheduled dates. See “Excused Absences” under “Other Policies” for permissible exceptions.

Presentations

Students are required to present a research paper from the economics or finance literature that is relevant to the course content. A list of suitable papers, along with a link to a Google spreadsheet for sign-ups, will be posted on ELMS during the first week of the course. Once the list is posted and announced, students can sign up for a paper on the spreadsheet. Presenters will be assigned on a first-come, first-served basis. The first presentation is tentatively scheduled for September 16th, but it can be adjusted depending on the number of students.

Presentations should be critical reviews of the assigned paper. Students are expected to (i) provide a concise summary of the paper and (ii) present one or two discussion items related to the paper. I will provide guidance and examples for discussion items during class. Each presentation should be no longer than 15 minutes. Draft presentation slides must be submitted for my review by 11:59pm on the Wednesday before the presentation. After each presentation, the presenter is required to post the slides to the ELMS “Discussions” tab by 11:59pm on the day of the presentation.

Online Discussion

The online discussion will begin after the presenter posts the slides to ELMS and will continue until 11:59pm of the day before the following week’s class. All students are expected to participate in all online discussions, either by responding to the presenter’s discussion items or to other participants’ comments. Participation and the quality of contributions will determine the final online discussion grade. I will regularly monitor the discussions, respond to some of them, and redirect the conversation as necessary.

Late Penalty

All assignments and discussions are subject to late penalties. The penalties are as follows: a 20% deduction for work submitted on the first day after the submission deadline and a 50% deduction for work submitted on the second day. **Assignments will not be accepted after the second day.** Late penalties apply unless prior approval is obtained.

Final Course Grades

Final letter grades are based on the weighted score. Numerical course grades will be translated into letter grades as follows:

[93, 100]	A+
[90, 93)	A
[80, 90)	A-
[70, 80)	B+
[60, 70)	B
[50, 60)	B-
[40, 50)	C+
[30, 40)	C
[20, 30)	C-
[10, 20)	D
[0, 10)	F

“[“ indicates “greater than or equal to,” and “)” indicates “less than.”

Other Standard Policies for the Program and the University of Maryland

Policies related to all graduate courses at the University of Maryland are posted on this page of the Graduate School's website:

<https://gradschool.umd.edu/faculty-and-staff/course-related-policies>

Please familiarize yourself with these policies related academic integrity, non-discrimination policy, accessibility, absences and accommodations, grading, academic standing, grievance procedures, and other important policies.

Email: The University has adopted email as the primary means of communication outside the classroom, and I will use it to inform you of important announcements. The University creates an "@umd.edu" email address for every graduate student. All official UMD communications will be sent to students at their "@umd.edu" email address. You are responsible for reading your @umd.edu email address, including ELMS/Canvas Announcements I send to the class. You should make sure ELMS/Canvas Announcements and messages are forwarded to an email address that you check regularly. Failure to check email, errors in forwarding email, and returned email due to “mailbox full” or “user unknown” will not excuse a student from missing announcements or deadlines.

I will do my best to respond to email within 36 hours.

Course Website: Copies of the course syllabus, student’s grades, and other relevant links and documents will be posted on the course’s ELMS/Canvas website. Students can access the site via www.elms.umd.edu. They will need to use their University of Maryland “directory ID” and password.

Contact Hours: Three credit master's-level courses at the University of Maryland require a minimum amount of contact between instructors and students. Our courses' 12 weekly meetings only satisfy 80% of the university's contact requirement. The other 20% is satisfied by weekly mandatory and graded online contact. In principle, the contact hours requirement could be satisfied by scheduling 3 additional 150-minute meetings per term, or 6 additional 75-minute meetings, or 10 additional 45-minute meetings. But in practice the contact hours requirement is satisfied by the weekly online discussions. The weekly online discussions are a more flexible way to ensure that our program's courses in DC provide the same level of student-instructor contact as the traditional 15-week face-to-face version of the same course when it is taught on campus in College Park.

Work Load: Mastering the material covered in this course requires a significant amount of work outside of class. Students should expect to spend more time outside of class than in class – typically at least twice as much time. The courses in our DC program are 12-week courses that cover all the same material as a traditional semester-long 3-credit course (15 weeks). The compressed schedule makes it possible to complete our degree in just 15 months if you take 2 courses each term. But the compressed schedule also implies an accelerated pace with an average of 25% more work per week in a given course ($15/12 = 1.25$). The normal full-time load in a master's program is 3 courses per semester, or 6 courses per year. The weekly workload when taking 2 of our DC courses per term is equivalent to the load from 2.5 "normal" 15-week courses - so $2.5/3.0=83\%$ of a full-time load. However, the DC program takes just 1 week off between terms. Students who take 2 courses per quarter in our program complete 8 courses per year. So over the course of a year, taking 2 courses per quarter in our DC program is equivalent to 133% of a "normal" full-time load in the traditional semester-based program ($8/6 = 1.33$).

Academic Progress: The graduate school requires that students maintain a GPA of at least 3.0. Students whose cumulative GPA falls below 3.0 will be placed on academic probation by the graduate school. Students on academic probation must ask the program's director to petition the graduate school if they want to remain in the program. The petition must include a plan for getting the student's GPA up to at least 3.0. Students who do not live up to their plan can be forced to leave the program without having earned the degree. Note: a grade of "B" corresponds to a GPA of 3.0. A grade of "B-" corresponds to a GPA of 2.7.

Excused Absences: If you miss any class meetings for any reason, it is your responsibility to work with the instructor to make sure you catch up on the missed material. Instructors routinely facilitate things by posting lecture notes, etc.

If you need to miss an exam or other graded course requirement because of illness, injury, or some other emergency: Follow doctor's orders and get documentation. Get in touch with the instructor as soon as you're able – preferably prior to missing the exam or deadline. Communicate with the instructor to make up the course requirement as soon as possible. You are entitled to recover before you make up the course requirement, but you are not entitled to extra days to study beyond the time the doctor's note says you're incapacitated. If you are incapacitated for more than a week or so beyond the end of the term, your grade in the course will be an "Incomplete". In such cases you must negotiate a plan with your instructor for completing the course requirements. Once you make up the course requirement the instructor will change your "I" to the appropriate letter grade.

School Closings and Delays: Information regarding official University closing and delays can be found on the campus website and the snow phone line: (301) 405-SNOW (405-7669) The program director will also announce cancellation information to the program as an announcement on the program's ELMS/Canvas site. This will generally be done by 1:00 p.m. on days when weather or other factors are an issue. When classes need to be canceled during the semester, we make every effort to schedule makeup classes.

UMD Counseling Center: Sometimes students experience academic, personal and/or emotional distress. The UMD Counseling Center in Shoemaker Hall provides free, comprehensive, and confidential counseling / mental health services that promote personal, social, and academic success. All Counseling Center services are completely free for enrolled students. Proactively explore the range of services available at the Counseling Center, including the Counseling Service and Accessibility and Disability Service described at <http://www.counseling.umd.edu/>

Graduate Academic Counselor: The UMD Graduate School also has an academic counselor available to support students who are having difficulty navigating mental health resources on campus, are considering a leave of absence and/or need assistance finding mental health care off campus. The Graduate Academic Counselor also facilitates bi-weekly Graduate Student Circle Sessions which provide an opportunity to learn about resources and connect with other graduate students. Students can learn more about the Graduate Academic Counselor by going to: <https://gradschool.umd.edu/gradcounselor>

Course Evaluations: Near the end of the term, you will receive an email inviting you to submit a voluntary and anonymous course evaluation. Your feedback on courses will be very helpful in improving the quality of instruction in our program.

Building Access: There is a smartphone app that can be used to enter our building after normal business hours. The program coordinator will provide information about this. We will also provide information about the code for entering the front door of our suite. Please make sure you are receiving the ELMS-Announcements that we send out to the program about these and other important matters.