Class Time

The class meets twice a week. At least our first meeting will be a one-hour organizational session during which we will, inter alia, finalize the allocation of papers. After you have chosen your papers, I will try to reach an agreement with you individually on a presentation schedule. I will permit modest changes in presentation times and papers up to March 1, 2017. When we meet regularly, we will try to have a paper presented in each session. This semester, we will have a final exam. We will utilize our penultimate meeting for a regular session and a retrospective view. I will adhere to university rules but am prepared to give you maximum flexibility over the time and location of the final exam.

Course Content

This course is a rigorous treatment of selected elements of both domestic and international capital markets. I have chosen a broad range of topic areas to give you a sense of what is current frontier research in private, public, domestic and international markets. Each topic area contains many sub-areas. The papers chosen are a small subset of major published work in each topic area. Each regular class session will provide an in depth treatment of a specific paper that is in the set of the most important papers in the sub-area. While you may not have a direct interest in all the topic areas, I hope that there are at least three areas for which you have a passionate affinity. There are a number of supplemental papers listed in each area. I hope that if you wish to do research in a particular area, that the complete set of papers listed here, contains specific papers that you may want to address in more depth for your dissertation.

Prerequisites:

The course is directed at second, third and fourth year students interested in finance/financial economics. Prior course work in finance and statistics at the first-year PhD level is assumed. Exceptions will be granted based on exceptional circumstances. I expect that every student will be prepared to participate actively in each session, regardless of the topic being discussed.
**Course Objectives and Deliverables**

Since the class is a seminar one you will be expected to present papers and explain to me and the rest of the class what are the significant finance contributions of the papers presented. Papers will be assigned on a first come first served basis. I expect that each student will present at least three papers during the semester. Each week, at least one required paper will be presented in detail. Each student presented paper will be delivered by a single student over a period of at least 45 minutes. Where necessary you should as much as you can discuss the mathematical and econometric motivations of the paper. After each presentation session, a minimum of 10 minutes will be set aside for a group discussion of the paper presentation and questions for the presenter. Every week, students are expected to read all the required papers and participate in the group discussion. I will identify those papers to you, on a weekly basis, when the class actually convenes.

The seminar will help you develop the following skills that will be critical in being able to develop a successful thesis proposal and to achieve a fruitful academic career: (a) the ability to isolate and summarize the key ideas in any paper (b) the ability to critically evaluate the strengths and weaknesses of any paper and be able to integrate these ideas into the stream of the existing literature (c) the ability to extend the good ideas in a paper so as to achieve breakthrough results and (d) the ability to present your ideas in a concise and interesting way. You should use PowerPoint, Beamer or some other specialized package for your presentations.

**Assignments:**

Each assignment will ask you to (a) summarize and critically evaluate a specific paper and (b) develop its logical extension, treating the subject matter as the basis for a possible thesis proposal. For the summary and evaluation part of the assignment, each report’s summary section should be no more than 6 pages, written in 11 point font. The entire report on each paper should not exceed 10 pages (without reference section). If you include a reference section your report should not exceed 15 pages. Reports should contain at minimum the following elements (i) a brief synopsis of the paper (ii) the paper’s main contribution to the literature (iii) the methodological design of the paper (iv) the weaknesses of the paper (v) the robustness of the key results (vi) the key innovations in your suggested extensions and (vii) a section that explains and clarifies how your hypothesized innovations would change the area as we know it.

Submit all assignments (independent work) by email to me on the following schedule, **Feb. 10th** - first report; **Mar. 15th** –second report; **Apr. 20th** –third report; **May 2nd**. -fourth report. Your graded assignments will be returned within two weeks of my receiving them. I will make exceptions for unusual situations. You have almost complete freedom to choose the papers on which you want to write your reports. I will discuss in class what the limitations on your choices are. I am prepared to be flexible and give other types of assignments if the entire class is in agreement.
Grading

Grades are based solely on assignments, class participation, class presentations and the optional final exam. There are 4 assignments, with the first one commencing after week five. Class presentations will count for 40% of the final grade. Assignments will count for 20% of the final grade. Class participation will count for 20% of the final grade. The final exam will count for 20% of your grade.

Auditing

Auditing students are required to obtain permission from me prior to attending this class and to also formally register. Students auditing the course will present a similar number of papers as for credit students. Students are not allowed to audit without the intention of fulfilling this requirement. Auditing students are exempt from having to hand in any assignments. However, I will waive even these requirements for students who have passed their PhD dissertation proposals.

Class Schedule


Topic 1. UIP and Forward Premium Puzzle (Jan. 26th. - Feb. 9th.)


Bekaert, G., M. Wei and Y. Xing (2007), Uncovered Interest Rate Parity and the Term Structure”, *Journal of International Money and Finance* 26, 1038-1069. (P)


**Topic 2. Excess Returns, Carry Trade, Liquidity and Volatility (Feb. 21st. - Mar. 14th)**


Journal of International Money and Finance 6, 479-490.


Foreign Exchange Market”, Review of Financial Studies 4, 513-54. (P)

Money, Credit and Banking 23, 706-717. (P)

339–352.

and Foreign Exchange Markets”, Journal of Finance 47, 467-509. (P)


888. (P)

and the Volatility of the Nominal Excess Return on Stocks”, Journal of Finance 48, 1779-1801. (P)

Monetary Economics 32, 259–286. (P)

Money and Finance 13, 375–383.


(P)

Pricing,” Journal of Political Economy 104, 443-487. (P)

51, 55-84. (P)


**Topic 3. Asset Pricing, Arbitrage, Optimal Portfolios and Diversification (Mar. 16th – Apr.4th.)**


Kimball, M., (1990), “Precautionary Saving in the Small and in the Large”, *Econometrica* 58, 53–73. (P)


Lewis, K., (1999), "Trying to Explain Home Bias in Equities and Consumption," *Journal of Economic Literature* 37, 571-608. (P)


Harvey, C. R., (2016), “… and the Cross-Section of Expected Returns”, *Review of Financial Studies* 29, 5-68. (P)

**Topic 4. Leveraged Buyouts, Venture Capital and FDI (Apr. 6th - May 2nd.)**


**Textbooks**

There are no required textbooks for this course, however the ones mentioned below are highly recommended for inclusion in your reference library. Please ensure that you select one that closely aligns
with your core interests and make that the basis for your detailed use during this course. I will make references to one or more of these books during our seminar.


**Guide to Papers**

Papers that are marked (P) or (H or H*) may be presented by students. Papers not covered (and not labelled) can be part of your supplemental readings. Papers that are marked (PP) may be covered by me. Papers that are marked (H) are ones of historical significance and can be presented if you have a real interest in the origins of the literature. Papers that are marked (H*) are relevant from a historical perspective but are also still currently heavily cited. Papers that are unmarked are supplemental papers or interesting papers that are too short for a full session presentation but which may be used as assignments. Even the very short papers can be the basis for a future dissertation.

**Academic Integrity**

Students are advised to apprise themselves of, and adhere to the rules specified in the UNC-Charlotte code of student integrity regulations, which will be enforced.

**Diversity Statement**

The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.