

FRE-GY.6023 Syllabus **Fall 2021**
Thursdays 11:00, RH 214

Professor B. Blecherman
FRE @ NYU

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Office Hours: Mondays 14:00 – 15:30

Zoom Office Hours: Fridays 11:30 – 13:00 and by appointment

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Zoom Office Hours: Tuesdays and Wednesdays 14:00 – 15:30

Zoom Office Hours Zoom link: nyu.zoom.us/j/99540896885

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Overview:

This is the introductory Master of Science in Financial Engineering course in economics, covering important foundational issues in micro, macro, and financial economics. Students who successfully complete this course will be well versed in the fundamentals of economic analysis and the vocabulary and reasoning employed by economists on Wall Street and in financial environments throughout the capitalist world. I assume that each student has the ability to do algebraic manipulations and the calculus easily.

I expect that students will take this course and its requirements seriously. Students must do each week's reading before class, and must attempt to do the homework problems assigned. I know that students will have difficulties understanding the text in places and doing the homework; this is not a problem. Our class time will be spent elaborating on the text and working on the more difficult concepts presented in it, expanding on the ideas presented there to encompass topical events, and explaining homework problems. I do not wish to spend class time explaining the text to students who have not tried to read it.

Grading Policy:

I do not “give” grades – I report the grades that students earn. In general, this class' requirements can be compared to the job requirements of a professional. If the quality of the work you hand to me would, if I were your supervisor in a workplace, place you on the fast-track to a promotion then you have earned an “A”. If I were your supervisor and you were to give me work that would lead me to believe that you were a steady employee but not a potential “star” then that work would correspond to a grade of “B”. Work that would cause me to think about whether or not you had an extended future as my employee is “C” work, and work submitted that would cause me to call the HR department is “F” work. NYU-Tandon uses a grading system for graduate courses where possible grades are: {A, A-, B+, B, B-, C+, C, F}

This class' grade will be computed using 3 factors: a midterm exam, a final exam, and homework. Homework is collected; your ability to participate intelligently in class and do well on the tests requires that you attempt the homework each week. The percentage weights of each factor are:

Midterm Exam:	40%
Final Exam:	45%
Homework:	15%

Each week I will choose one or more homework problems to grade. Grading all problems for all students is too heavy a burden for the TA. By the Law of Large Numbers (which does not apply

for a sample of this size but I appeal to it anyway here), a random sampling of your homework answers should approximate the results that would have been obtained if all problems were graded.

Texts:

Managerial Economics: Theory, Applications and Cases, Eighth Edition; Allen, Doherty, Weigelt and Mansfield; W. W. Norton and Company, 2013, ISBN: 978-0-393-91277-7. [ADW&M]

AND

Financial Economics; Fabozzi, Neave, and Zhou; John Wiley and Sons, 2012, ISBN: 978-0-470-59620-3. [FN&Z]

Disability Disclosure Statement:

Academic accommodations are available for students with disabilities. Please contact the **Moses Center for Students with Disabilities** (212-998-4980 or mosescsd@nyu.edu) for further information. Students who are requesting academic accommodations are advised to reach out to the Moses Center as early as possible in the semester for assistance.

Inclusion Statement:

The NYU Tandon School values an inclusive and equitable environment for all our students. I hope to foster a sense of community in this class and consider it a place where individuals of all backgrounds, beliefs, ethnicities, national origins, gender identities, sexual orientations, religious and political affiliations, and abilities will be treated with respect. It is my intent that all students' learning needs be addressed both in and out of class, and that the diversity that students bring to this class be viewed as a resource, strength and benefit. If this standard is not being upheld, please feel free to speak with me.

Schedule of Classes and Assignments:

Week	Class Dates	Reading To Complete	Homework ¹
1	2 September	[ADW&M] Chapter 1 – Introduction ² Chapters 2 and 3 – Theory of the Consumer	Chapter 2: Problems 7,10 Chapter 3: Problems 5*,6,8
2	9 September	[ADW&M] Chapters 5 and 6 – Theory of the Firm	Chapter 5: Problems 3,5 Chapter 6: Problems 6,10
3	23 September ³	[ADW&M] Chapters 7 and 8 – Mathematical Models of Economic Markets	Chapter 7: Problems 2,4 Chapter 8: Problems 4,6
4	30 September	[ADW&M] Chapters 11 and 12 – Introduction to Financial Strategy	Chapter 11: Problems 6,10 Chapter 12: Problems 4,6
5	07 October	[ADW&M] Chapters 9 and 10 – Sophisticated Market Pricing	Chapter 9: Problems 2,5 Chapter 10: Problems 4,8
6	14 October	Midterm Exam	
7	21 October	[FN&Z] Chapters 2, 3, and 4 – Firm Valuation	Chapter 2: Problems 10,14 Chapter 3: Problems 3,8 Chapter 4: Problems 3,10
8	28 October	[FN&Z] Chapters 5 and 6 – Perfect Capital Markets	Chapter 5: Problems 9,10 Chapter 6: Problems 2,9
9	5 November	[FN&Z] Chapter 7 and 8 – Governance	Chapter 7: Problems 9,11 Chapter 8: Problem 16
10	12 November	[FN&Z] Chapters 9 and 10 – Contingent Claims	Chapter 9: Problem 6a,b,c Chapter 10: Problem 8
11	19 November	[FN&Z] Chapters 13 and 14 – Portfolio Choice and the CAPM	Chapter 13: Problems 1,4 Chapter 14: Problem 4
12	2 December	[FN&Z] Chapters 20 and 21 – Capital Market Imperfections	Chapter 20: Problem 9 Chapter 21: Problems 3,7
13	9 December	[FN&Z] Chapters 23 and 24 – The Practice of Financial Economics with Incomplete Contracts	Chapter 23: Problem 10 Chapter 24: Problems 6,9
14	Sunday 12 December by Zoom	[FN&Z] Chapter 22 – Course Review before the Final Exam	
15	16 December	Final Examination	

* = answer in the back of the textbook

¹ Homework problems listed here may change as the semester progresses. I will send email each time the syllabus changes – it is your responsibility to make sure that you read your NYU email.

² I realize that many of you will come to the first class without reading chapters 1, 2, and 3 of the textbook. This is not a disastrous problem.

³ This class is cancelled on 16 September. This session will be made up later in the semester on 13 December.