



SCHOOL OF ECONOMIC AND FINANCIAL STUDIES

DEPARTMENT OF ECONOMICS

COURSE OUTLINE

**ECON828 INTERNATIONAL INVESTMENT & RISK
FIRST SEMESTER 2008**

Stefan Trueck
Lecturer in Charge

ECON828 INTERNATIONAL INVESTMENT & RISK

1. COURSE OBJECTIVES

This is an advanced-level course concentrating on the analysis of risk and return, financial risk management, derivatives and international bond and share investments. A strong emphasis is placed upon developing a rigorous analytical skill-base which can then be applied to real-world issues. Topics include:

- Portfolio Construction, Risk and Return
- Single-factor models (CAPM) and Multi-factor models (APT)
- Financial Products and how they are used for hedging / managing exposures
- Interest Rate Risk
- Volatility Modeling
- Dependence, Correlations and Copulas
- Bank Regulations and Basel II
- Value-at-Risk and other Risk Measures
- Managing Market Risk
- Managing Credit Risk
- Credit Derivatives
- Operational Risk
- Model and Liquidity Risk
- Global Bond Portfolio Management
- International Portfolio Investment

2. ASSESSMENT

Essay	- 3000 words (see separate handout)	30
Final Exam	- Multiple choice + essays (see separate handout)	70
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Total		100

3. ENQUIRIES & COURSE TIMETABLE

Lecturer-in-charge:

Stefan Trueck
Room: E4A 432
Email: strueck@efs.mq.edu.au
Tel.: 9805 8483

Lecture Times:

10-1 pm, Thursday, Room: C5A 232

Consultation Hours:

2.30-4.30 pm, Thursday, Room: E4A 432

Unit Homepage:

In order to ensure that every student is kept fully informed and that any unnecessary duplication is avoided, all communications for this course will take place via the unit homepage. This can be accessed by logging onto

<http://www.learn.mq.edu.au/>

with your personal username and password, and then selecting the link commencing "ECON828..."

University Rules:

Students are reminded of University rules governing requests for special consideration when illness, misadventure or other cause prevents attendance at classes, affects the submission of work or impairs performance in examinations.

4. TEXTBOOK AND RECOMMENDED READINGS

Text: Hull, John (2007) *Risk Management and Financial Institutions*, 1st Edition, Pearson.

Additional to the recommended text, sometimes chapters from other books (see below) will be used in conjunction with journal articles and lecture notes.

Other Recommended References:

Bodie, Z., Kane, A., and Marcus, A. (2002) *Investments* 5th (International) Edition, Mc-Graw-Hill, Boston.

Crouhy, M., Galai, D. and Mark, R. (2005), *The Essentials of Risk Management*, 1st Edition, McGraw-Hill.

Elton, E., Gruber, M., et al (2003) *Modern Portfolio Theory and Investment Analysis* 6th Edition, John Wiley & Sons.

Fabozzi, F., 2000, *Bond Portfolio Management*, 2nd ed., New Hope, Pennsylvania

Hull, J. (2007) *Options, Futures and other Derivatives*, 6th Edition, Prentice Hall.

Jorion, P. (2006), *Value-at-Risk*, 3rd Edition, McGraw-Hill.

Jüttner, D.J. 1998, *International Finance and Global Investments*, 4th ed., Addison Wesley, Melbourne.

Madura, J. 2000, *International Financial Management*, 6th edition West Publishing, New York.

Solnik, B. and D Mcleavey (2004) *International Investments* 5th Edition, Pearson Addison Wesley.

Students needing assistance with mathematics should first consult:

James, D. E. and Throsby, C. D. (1973) *Introduction to Quantitative Methods in Economics*, Sydney: John Wiley.

Chiang, A. C. (1984) *Fundamental Methods of Mathematical Economics*, (3rd ed), New York: McGraw-Hill.

Dowling, E.T. (1992) *Introduction to Mathematical Economics*, (2nd Ed) New York: McGraw-Hill