



浙江大學

**ECON907**

**Economics of Financial Markets**

# **ECON907**

## **Economics of Financial Markets**

### Instructor Contact Details

Lecturer-in-charge: Jing XU

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Office location: Huajiachi Campus, Zhejiang University, Hangzhou, China

Consultation Time: Book appointment by sending email to: wlwyxy\_29@zju.edu.cn

### Teaching Times, Modes and Locations

Course Duration: 11 Jan 2026 to 30 Jan 2026

Modes: Face-to-face

Location: Huajiachi Campus, Zhejiang University via face-to-face

### Academic Level

Postgraduate

### Credit Points:

The course is worth 6 units of credit point.

### Credit Hours

The number of credit hours of this course equals to the credits of a standard semester- long course.

### Contact Hours

The course contains a total of 53 contact hours, which consists of orientation, lectures, seminars, quiz, discussion, research, case study, small tests, assignments, on-site field trip(s), in-class and after-class activities, revision, self-study, and final exam. Students will receive an official transcript which is issued by Zhejiang University when completing this course.

### Enrolment Requirements

Eligibility requires enrollment in an overseas university as an undergraduate or postgraduate student, proficiency in English, and pre-approval from the student's home institution.

### Course Description:

This unit provides a comprehensive analysis of financial markets, delving into their functioning and key factors such as demand and supply dynamics, risk and uncertainty, incomplete contracts, renegotiation, and asymmetric information. It explores the distinctive features of markets for financial assets while also examining the development of financial institutions and current market issues. Students are encouraged to explore the behavioral connections between financial markets, economic policy, and macroeconomic performance. The unit focuses on understanding the economics of financial market behavior and the role of financial markets in shaping overall economic performance. Topics covered include financial market structure and behavior, risk assessment and pricing of financial instruments, market efficiency, and regulatory considerations.

### Prerequisite:

This course is designed for students with a business background.

### Learning Resources

- Bailey, R. E. (2005). The Economics of Financial Markets. Cambridge University Press.
- Fabozzi, F. J. (2015). Bond Markets, Analysis and Strategies (9th ed.). Pearson Education.
- Academic journal articles and handouts on specific topics will be used supplement the textbook and lecture material.

### Learning Objectives

By the end of this course, you should be able to:

- Apply analytical skills to manage the risks confronted by players and policymakers in financial markets.
- Explain and use the techniques of financial economics to interpret the performance of financial contracts.
- Demonstrate skills in problem solving.

### Course Delivery:

- Face-to-face Lecture mode includes lectures, seminars, quiz, discussion, research, case study, small tests, assignments, on-site field trip(s), in-class and after-class activities, revision, and final exam.

The following course will be taught in English. There will also be guest speakers and optional field trips available for students who would like to enhance their learning experience. All courses and other sessions will be run during weekdays.

Topics and Course Schedule:

WK	Topic	Activities
1	Orientation	
1	Introduction to Financial Markets	Lecture; Tutorial
1	Financial Mathematics	Lecture; Tutorial
1	Empirical appraisal of the CAPM and APT	Lecture; Tutorial
1	Asset market	Lecture; Tutorial
1	Foreign Exchange Market	Lecture; Tutorial
2	Seminar	
2	Bond markets and fixed-interest securities	Lecture; Tutorial
2	Term structure of interest rates	Lecture; Tutorial
2	In-class Test	Closed book
2	Forwards, Swaps, and Futures	Lecture; Tutorial
2	Options markets I: fundamentals	Lecture; Tutorial
3	Options market II: price determination	Lecture; Tutorial
3	Mergers and Acquisitions	Lecture; Tutorial
3	Futures markets I: fundamentals	Lecture; Tutorial
3	Futures market II: speculation and hedging	Lecture; Tutorial
3	Revision	Tutorial
3	Final exam	Closed book

### Assessments:

Class participation	15%
Class works	15%
Critical review	20%
Final exam	50%

### Grade Descriptors:

HD	High Distinction	85-100
D	Distinction	75-84
Cr	Credit	65-74
P	Pass	50-64
F	Fail	0-49

#### **High Distinction 85-100**

- Treatment of material evidences an advanced synthesis of ideas Demonstration of initiative, complex understanding, and analysis.
- Work is well-written and stylistically sophisticated, including appropriate referencing, clarity, and some creativity where appropriate.
- All criteria addressed to a high level.

#### **Distinction 75-84**

- Treatment of material evidences an advanced understanding of ideas Demonstration of initiative, complex understanding and analysis Work is well-written and stylistically strong.
- All criteria addressed strongly.

#### **Credit 65-74**

- Treatment of material displays a good understanding of ideas.
- Work is well-written and stylistically sound, with a minimum of syntactical errors.
- All criteria addressed clearly.

#### **Pass 50-64**

- Treatment of material indicates a satisfactory understanding of ideas Work is adequately written, with some syntactical errors.
- Most criteria addressed adequately.

#### **Fail 0-49**

- Treatment of ideas indicates an inadequate understanding of ideas Written style inappropriate to task, major problems with expression.
- Most criteria not clearly or adequately addressed.

### Academic Integrity

Students are expected to uphold the university's academic honesty principles which are an integral part of the university's core values and principles. If a student fails to observe the acceptable standards of academic honesty, they could attract penalties and even disqualification from the course in more serious circumstances. Students are responsible for knowing and observing accepted principles of research, writing and any other task which they are required to complete.

Academic dishonesty or cheating includes acts of plagiarism, misrepresentation, fabrication, failure to reference materials used properly and forgery. These may include, but are not limited to: claiming the work of others as your own, deliberately applying false and inaccurate information, copying the work of others in part or whole, allowing others in the course to copy your work in part or whole, failing to appropriately acknowledge the work of other scholars/authors through acceptable referencing standards, purchasing papers or writing papers for other students and submitting the same paper twice for the same subject.

This Academic Integrity policy applies to all students of the Zhejiang University in all programs of study, including non-graduating students. It is to reinforce the University's commitment to maintain integrity and honesty in all academic activities of the University community.

### Policy

The foundation of good academic work is honesty. Maintaining academic integrity upholds the standards of the University. The responsibility for maintaining integrity in all the activities of the academic community lies with the students as well as the faculty and the University. Everyone in this community must work together to ensure that the values of truth, trust and justice are upheld.

Academic dishonesty affects the University's reputation and devalues the degrees offered. The University will impose serious penalties on students who are found to have violated this policy. The following penalties may be imposed:

- ✓ Expulsion
- ✓ Suspension
- ✓ Zero mark /fail grade
- ✓ Marking down
- ✓ Re-doing/re-submitting of assignments or reports, and
- ✓ Verbal or written warning.