This course focuses on using and applying the techniques rather than deriving proofs and learning formulae. We will learn by example with EViews. How to tackle real-world problems are trained through case studies. The emphasis throughout the lectures is on a valid application of the techniques to real data and problems in finance and economic.

Instructor
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Teaching Assistant
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Lecture Hours
Wednesday, 19:00–22:00
Saturday, 09:00–12:00. From June 20th

Office Hours
Wednesday, 09:30–11:00

Prerequisites
You should be familiar with
• Econometrics, such as Wooldridge (2003) or Stock and Watson (2006)
• Finance, such as Bodie and Merton (1999). Other good books maybe: Brealey et al. (2008) (corporate finance); Bodie et al. (2008) (investment); and Hull (2006) (derivatives)

Course outline
The following topics will be covered
• Review of OLS (ordinary least squares)
• ARMA (autoregressive moving average)
• ARCH (autoregressive conditional heteroscedasticity)
• Cointegration
• VAR (vector autoregressive)
• GMM (generalized method of moments)
• Simulation

and if time permits, some of the following topics are selectively covered

• Simultaneous equations
• Switching models
• Panel data
• Limited dependent variable models

Textbooks
Main textbook: Brooks (2008), and the companion website.
Secondary textbook: Lecture notes (To be published)

Data exchange site: ftp://210.34.5.125:7755

Homework and Exam
There will be assignment, case and Exams

• Homework: Your homework can be work in groups, must reflect your understanding of the material. Each student must turn in separately
• Case study: You will be required to turn in one class project/paper. The topics will be taken from the textbook’s examples and associated exercises, or from suggested readings
• Exam: There will be mid and final exams. Both exams will be comprehensive

Grading Policy
The distribution of course credit is as follows

<table>
<thead>
<tr>
<th>Item</th>
<th>Points</th>
<th>Date</th>
<th>Type</th>
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<tbody>
<tr>
<td>Attendance</td>
<td>5</td>
<td>individual</td>
<td></td>
</tr>
<tr>
<td>Homework</td>
<td>20</td>
<td>individual/group</td>
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<tr>
<td>Midterm</td>
<td>25</td>
<td>individual</td>
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<tr>
<td>Final exam</td>
<td>30</td>
<td>individual</td>
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<tr>
<td>Case study</td>
<td>20</td>
<td>individual/group</td>
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</tbody>
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Assignments are due at the beginning of class on the due date. Assignments turned in late will be penalized 50%. Some projects are group based, the members share the same grade.

Course attendance is mandatory, and 3 times or more of absence will fail.

Cheating, in any form, degrades the worth of every degree conferred by WISE, and will not be tolerated.
References


