

INTERNATIONAL MONETARY FUND

Joint Vienna Institute / Institute for Capacity Development

Course on Financial Market Analysis

September 29 – October 10, 2014

Reading List

| Session | Topic | Source |
|----------------|---|--|
| L-1 | <p>The Role of Financial Markets</p> <p>Bodie, Z., A. Kane, and A. Marcus, 2011, “The Investment Environment,” “Asset Classes and Financial Instruments,” and “How Securities are Traded,” in <i>Investments and Portfolio Management</i>, 9th ed. (Global) (New York: McGraw Hill), Chapters 1–3.</p> <p>Chami, Ralph, Connel Fullenkamp, and Sunil Sharma, 2010, “A Framework for Financial Market Development,” <i>Journal of Economic Policy Reform</i>, Vol. 13, No. 2 (June), pp.107–135. Available via: http://www.imf.org/external/pubs/ft/wp/2009/wp09156.pdf</p> <p><i>Supplementary:</i> Levine, Ross, 2005, “Finance and Growth: Theory and Evidence,” in <i>Handbook of Economic Growth</i>, eds. Philippe Aghion and Steven Durlauf (Amsterdam: Elsevier Science).</p> <p><i>Supplementary:</i> Mishkin, Frederic, 1998, “An Economic Analysis of Financial Structure,” in <i>The Economics of Money, Banking, and Financial Markets</i> (New York: Addison-Wesley), 5th ed., Chapter 8, pp. 181–210.</p> | <p>Distributed Separately</p> <p>Course website</p> <p>Link only</p> <p>Course website</p> |
| L-2 | <p>Financial Instruments</p> <p>Chami, Ralph, Connel Fullenkamp, and Sunil Sharma, 2010, “A Framework for Financial Market Development,” <i>Journal of Economic Policy Reform</i>, Vol. 13, No. 2 (June), pp.107–135. Available via: http://www.imf.org/external/pubs/ft/wp/2009/wp09156.pdf</p> <p>Coval, Joshua, Jakub Jurek, and Erik Stafford, 2009, “The Economics of Structured Finance,” <i>Journal of Economic Perspectives</i> Vol. 23, No. 1 (Winter), pp. 3–25. Available via: http://www.aeaweb.org/issue.php?journal=JEP&volume=23&issue=1</p> <p>Stulz, René, 2010, “Credit Default Swaps and the Credit Crisis,” <i>Journal of Economic Perspectives</i>, Volume 24, Number 1 (Winter), pp. 73–92. Available via: http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.24.1.73</p> | <p>Course website</p> <p>Course website</p> <p>Course website</p> |
| L-3 | <p>The Firm’s Financing Decision</p> <p>Barclay, Michael J., and Clifford W. Smith, Jr., 1999, “The Capital Structure Puzzle: Another Look at the Evidence,” <i>Journal of Applied Corporate Finance</i>, Vol. 12, pp. 8–20.</p> | <p>Course website</p> |

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| | <p>Myers, Stewart C., 2001, "Capital Structure," <i>Journal of Economic Perspectives</i>, Vol. 15, No. 2 (Spring), pp. 81–102. Available via: http://ecsocman.edu.ru/data/863/126/1231/myers - cs 2001.pdf</p> <p><i>Supplementary:</i> International Monetary Fund, 2005, "Corporate Finance in Emerging Markets," Chapter IV in <i>Global Financial Stability Report</i>, April (Washington). Available via: http://www.imf.org/External/Pubs/FT/GFSR/2005/01/index.htm</p> | <p>Course website</p> <p>Course website</p> |
| L-4 | <p>Primary and Secondary Markets for Securities</p> <p>Bodie, Z., A. Kane, and A. Marcus, 2011, "The Investment Environment," "Asset Classes and Financial Instruments," and "How Securities are Traded," in <i>Investments and Portfolio Management</i>, 9th ed. (Global) (New York: McGraw Hill), Chapters 1–3.</p> <p>Kirilenko, Andrei A., and Andrew W. Lo, 2013. "Moore's Law versus Murphy's Law: Algorithmic Trading and Its Discontents," <i>Journal of Economic Perspectives</i>, 27(2), pp. 51–72. Available via: http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.27.2.51</p> | <p>Distributed Separately</p> <p>Course website</p> |
| L-5 | <p>Pricing Money Market Instruments</p> <p>Bodie, Z., A. Kane, and A. Marcus, 2011, "Introduction to Risk, Return, and the Historical Record," in <i>Investments and Portfolio Management</i>, 9th ed. (Global) (New York: McGraw Hill), Chapter 5.</p> | Distributed Separately |
| L-6 | <p>Bond Pricing</p> <p>Bodie, Z., A. Kane, and A. Marcus, 2011, "Bond Prices and Yields," in <i>Investments and Portfolio Management</i>, 9th ed. (Global) (New York: McGraw Hill), Chapter 14.</p> | Distributed Separately |
| L-7 | <p>Bond Price Volatility</p> <p>Bodie, Z., A. Kane, and A. Marcus, 2011, "Managing Bond Portfolios," in <i>Investments and Portfolio Management</i>, 9th ed. (Global) (New York: McGraw Hill), Chapter 16.</p> | Distributed Separately |
| L-8 | <p>Equity Pricing</p> <p>Bodie, Z., A. Kane, and A. Marcus, 2011, "Equity Valuation Models," in <i>Investments and Portfolio Management</i>, 9th ed. (Global) (New York: McGraw Hill), Chapter 22.</p> | Distributed Separately |
| L-9 | <p>The Term Structure of Interest Rates</p> <p>Bodie, Z., A. Kane, and A. Marcus, 2011, "The Term Structure of Interest Rates," in <i>Investments and Portfolio Management</i>, 9th ed. (Global) (New York: McGraw Hill), Chapter 15.</p> <p>Campbell, John Y., 1995, "Some Lessons from the Yield Curve," <i>Journal of Economic Perspectives</i>, Volume 9, No. 3 (Summer), pp. 129–152. Available via: http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.9.3.129</p> | <p>Distributed Separately</p> <p>Course website</p> |

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| | <p>Estrella, A., and M. R. Trubin, 2006, “The Yield Curve as a Leading Indicator: Some Practical Issues,” <i>Current Issues in Economics and Finance</i>, Federal Reserve Bank of New York, Volume 12, No. 5, July/August. Available via: http://www.newyorkfed.org/research/current_issues/ci12-5.pdf</p> <p>Estrella, Arturo, 2005, “The Yield Curve as a Leading Indicator: Frequently Asked Questions,” Federal Reserve Bank of New York (October), pp. 1–23. Available via: http://www.ny.frb.org/research/capital_markets/ycfaq.pdf</p> | <p>Course website</p> <p>Course website</p> |
| L–10 | <p>Asset Allocation and Diversification</p> <p>Black, F., and R. Litterman, 1992, “Global Portfolio Optimization,” <i>Financial Analysts Journal</i>, pp. 28–43.</p> <p>Bodie, Z., A. Kane, and A. Marcus, 2011, “Risk Aversion and Capital Allocation to Risky Assets,” “Optimal Risky Portfolios,” and “The Capital Asset Pricing Model,” in <i>Investments and Portfolio Management</i>, 9th ed. (Global) (New York: McGraw Hill), Chapters 6, 7, and 9.</p> <p>Fama, E. F., and K. R. French, 2004, “The Capital Asset Pricing Model: Theory and Evidence,” <i>Journal of Economic Perspectives</i>, Vol. 18, No. 3. (Summer), pp. 25–46.</p> <p>Odier, P., and B. Solnik, 1993, “Lessons for International Asset Allocation,” <i>Financial Analysts Journal</i>, pp. 63–77.</p> | <p>Course website</p> <p>Distributed Separately</p> <p>Course website</p> <p>Course website</p> |
| L–11 | <p>Risk Management and Models</p> <p>Allen, Linda, “Credit Risk Modeling of Middle Markets,” Zicklin School of Business, Baruch College, CUNY, WP. Available via: http://fic.wharton.upenn.edu/fic/allenpaper.pdf</p> <p><i>Supplementary:</i> Crouhy, Michel, Dan Galai, and Robert Mark, 2006, “From Value-at-Risk to Stress Testing,” and “New Approaches to Measuring Credit Risk,” in <i>The Essentials of Risk Management</i>, (New York: McGraw-Hill) Chapters 7 and 11, pp. 149–179, and pp. 257–289.</p> <p><i>Supplementary:</i> Jorion, Philippe, 2001, “Computing Value at Risk,” in <i>Value at Risk</i> (New York: McGraw-Hill), 2nd ed., Chapter 5, pp. 107–128.</p> | <p>Course website</p> <p>Course website</p> <p>Course website</p> |