Econometrics for Finance

(28C00200, 6 cr.)

SYLLABUS

This version: 21.08.2023

Instructor's contact information	Course information
Matthijs Lof	B.Sc., Finance
matthijs.lof@aalto.fi	Period I (Fall 2023)
Office Hours: After class	Language of Instruction: English

1. OVERVIEW

The course provides an introduction to the standard linear regression model, which is the core of econometrics. Topics include estimation by ordinary least squares (OLS), interpreting regression results, hypothesis testing, and misspecification issues. In addition to the standard regression model, we will look at event-study methodology, instrumental variables and panel data. This is an applied course, meaning that all topics will be illustrated by empirical examples related to investments and corporate finance using real data.

2. PREREQUISITES

Students are expected to understand mathematics and statistics at an intermediate level.

This course is a first course in econometrics and is therefore *not* intended for students who have already completed any of the following courses:

30C00200 Econometrics

ECON-C4100 Capstone: Econometrics I

Or any other introductory econometrics course

3. LEARNING OUTCOMES

By the end of the course, students will be familiar with basic econometric methods; be able to implement these methods using the R language (http://www.r-project.org/); know how to interpret statistical results correctly and draw appropriate conclusions.

4. STUDY MATERIALS

Slides, readings, assignments, additional exercises, datasets, R-files, videos and other materials will be provided by the lecturer through MyCourses.

5. LECTURES

We will have 10 lectures. Lectures will NOT be recorded or live-streamed. Classroom attendance and active participation is highly recommended.

Wed 06.09.2023. 10.15–12.00, **C-sali - Y205**
Mon 11.09.2023. 10.15–12.00, U1-U154
Wed 13.09.2023. 10.15–12.00, U1-U154
Mon 18.09.2023. 10.15–12.00, U1-U154
Wed 20.09.2023. 10.15–12.00, U1-U154
Mon 25.09.2023. 10.15–12.00, U1-U154

Wed 27.09.2023. 10.15–12.00, U1-U154
Mon 02.10.2023. 10.15–12.00, U1-U154
Wed 04.10.2023. 10.15–12.00, U1-U154
Wed 11.10.2023. 10.15–12.00, U1-U154

6. ASSESSMENT AND GRADING

Assignments (50%) and Exam (50%). You can earn a maximum of 50 points for the exam, and a maximum of 50 point for the combined assignments. In order to pass the course, you are required to obtain at least 40% of the final exam points (i.e. 20 points or more).

Provided that you pass the 40% benchmark for the final exam, your final grade on a 0-5 scale is determined by the total combined points for your assignments and exam: x = (points for assignments and quizzes) + (points for final exam):

$90 \leq x \leq 100$: Final grade = 5
$80 \leq x < 90$: Final grade = 4
$70 \leq x < 80$: Final grade = 3
$60 \leq x < 70$: Final grade = 2
$50 \leq x < 60$: Final grade = 1
$0 \leq x < 50$:   Final grade = 0, Fail

7. ASSIGNMENTS

There will be five graded assignments/quizzes during the course. Working together is allowed, but **every student needs to submit the answers individually**.

You can earn a maximum of 10 points for each of the assignments (maximum 50 points in total)

The deadline for submitting the assignment is each Tuesday 11.55 PM, starting in the second week of the course.
The assignments with detailed instructions are made available on MyCourses latest on the prior Thursday.

Deadline Assignment 1: Tuesday 12 September 2023, 11.55 PM
Deadline Assignment 2: Tuesday 19 September 2023, 11.55 PM
Deadline Assignment 3: Tuesday 26 September 2023, 11.55 PM
Deadline Assignment 4: Tuesday 3 October 2023, 11.55 PM
Deadline Assignment 5: Tuesday 10 October 2023, 11.55 PM

The assignments cannot be retaken or compensated. Your obtained points count only during this academic year.

8. CODE OF CONDUCT

All students are expected to be familiar with the Aalto University Code of Conduct and the Aalto University Code of Academic Integrity and Handling Violations Thereof

https://www.aalto.fi/en/aalto-university/code-of-conduct-values-into-practice

https://www.aalto.fi/en/applications-instructions-and-guidelines/aalto-university-code-of-academic-integrity-and-handling-violations-thereof

Aalto University
School of Business