

School of Business and Management Sciences / Business Administration (English)

2023 - 2024 Academic Year

CAPITAL MARKETS

Syllabus

Course Description					
Name	Code	Semester	T+A Hour	Credit	ECTS
CAPITAL MARKETS	BUS4171370	Fall Semester	3+0	3	5
Prerequisites Courses					
Recommended Elective Courses					
Language of Instruction	English				
Course Level	First Cycle (Bachelor's Degree)				
Course Type	Elective				
Course Coordinator					
Name of Lecturer(s)	Prof.Dr. Serhat YÜKSEL				
Assistant(s)					
Aim	The aim of this course is to provide students with a general understanding of the functioning of financial markets, with a special focus on globalization and its effects on financialization.				
Course Content	This course contains; Overview of Financial Markets,Structure and Functioning of Financial Markets,Meaning of Interest Rate Notion,Factors underlying changes in interest rate,Risk Structure of Interest Rates,Risk Structure of Interest Rates,Asymmetric Information: Adverse Selection and Moral Hazard,Financial Development and Economic Growth,Asymmetric Information and Financial Crises,Project Presentations,Project Presentations,Stock Market,Bond and Exchange Rate Markets,Overview of The Semester.				
Course Learning Outcomes			Teaching Methods	Assessment Methods	
1. Will be able to express what financial markets are and why we need to study them.			16, 6, 9	A, G	
1.1. Explains why we need to understand financial markets.					
1.2. Explains why we need to understand financial institutions.					
1.3. Explains how to study financial markets and institutions.					
1.4 Explains the development of financial markets and Islamic financial markets in Turkey.					
2. Will be able to understand the mechanism and structure of financial markets, and gain an intuition of how financial markets and financial intermediaries affect the economy.			16, 6, 9	A, G	
2.1. Explains the function of financial markets.					
2.2. Explains the structure of financial markets.					
2.3. Explains the globalization of financial markets.					
2.4 Explains the effect of globalization in the development of the financial markets in Turkey after 2008 global financial crisis.					
3. Will be able to explain what exactly interest rate means, and the difference between nominal and real interest rates.			16, 6, 9	A, G	
3.1. Measures and determines interest rates.					
3.2. Explains the distinction between real and nominal interest rates.					
3.3. Explains the distinction between interest rates and rates of return.					
3.4. Compares the difference between the nominal and real interest rates of conventional debt instruments with that of the nominal and real rates of return of Islamic instruments.					
4. Will be able to explain why the overall level of nominal interest rates changes and the factors that induce these changes.			16, 6, 9	A, G	
4.1. Explains the determinants of asset demand.					
4.2. Investigates the supply and demand in the bond and sukuk markets in Turkey.					
4.3 Examines the changes in equilibrium interest rates.					
5. Will be able to determine the types of interest-bearing instruments firms need to invest in by comparing the differences in the interest rates of various instruments.			16, 6, 9	A, G	
5.1. Investigates the risk structure of interest rates.					
5.2. Uses the yield curve and business cycles as a forecasting tool for inflation.					
5.3 Explains the behaviour of the yield curve in Turkey before and after the 2001 crisis and the 2008 global financial crisis.					
5.4. Forecasts interest rates using the term structure.					
6. Will be able to explain why an efficient market is needed for economic efficiency.			16, 6, 9	A, G	
6.1 Explains the efficient market hypothesis, the rationale behind the hypothesis, and the stronger version of the efficient market hypothesis.					
6.2 Examines the evidence on the efficient market hypothesis.					
6.3 Investigates the evidence in favor of and against the efficiency of capital markets in Turkey.					
6.4. Explains the connection between financial development and economic growth.					
7. Will be able to explain information asymmetry and its influence in development of financial crises.			16, 6, 9	A, G	
7.1. Expresses basic facts about the financial structure throughout the world.					
7.2. Explains the two types of information asymmetry: adverse selection and moral hazard.					
7.3. Examines the precautions Capital Markets Board of Turkey has taken to minimize the asymmetric information problems in IPO's.					
8. Will be able to explain the basic dynamics of stock markets and the resulting prices.			16, 6, 9	A, G	
8.1. Examines various aspects of investing in stocks.					
8.2 Examines and applies some methods of pricing common stocks.					
8.3. Explains how stock prices are formed in common stock markets.					
8.4 Explains common mistakes in valuation.					
9. Will be able to apply the basic principles of bond markets and foreign exchange markets.			16, 6, 9	A, G	
9.1. Explains the function of the bond market.					
9.2. Explains the actors in the bond market.					
9.3. Explains the types of bonds.					
9.4. Defines the exchange rate and explains its importance.					

Course Learning Outcomes		Teaching Methods	Assessment Methods
9.5. Explains the exchange rate determination in the short run and in the long run.			
Teaching Methods	16: Question - Answer Technique, 6: Experiential Learning, 9: Lecture Method		
Assessment Methods	A: Traditional Written Exam, G: Quiz		
Lecture Schedule			
Sequence	Topics	Preliminary Preparation	
1	Overview of Financial Markets		
2	Structure and Functioning of Financial Markets		
3	Meaning of Interest Rate Notion		
4	Factors underlying changes in interest rate		
5	Risk Structure of Interest Rates		
6	Risk Structure of Interest Rates		
7	Asymmetric Information: Adverse Selection and Moral Hazard		
8	Financial Development and Economic Growth		
9	Asymmetric Information and Financial Crises		
10	Project Presentations		
11	Project Presentations		
12	Stock Market		
13	Bond and Exchange Rate Markets		
14	Overview of The Semester		
Evaluation Methods		Weight(%)	
(Midterm Exam) Quiz		5	
(Midterm Exam) Written midterm exam		35	
Midterm Exam		40	
General Exam		60	

Resources	
- Financial Markets and Institutions, Frederic S. Mishkin and Stanley G. Eakins, 8th Edition, 2014.	- Financial Markets and Institutions, Anthony Saunders and Marcia Cornett, International Edition, 2018.