

San José State University
Department of Economics
Course ID: 28525, ECON 137A, Section 1
Spring 2023

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Office Hours: T/R 7:00AM-7:30AM
T/R 8:45AM-9:00AM
T/R 10:15AM-10:30AM

Class Days/Time: T/R 9:00AM-10:15AM

Classroom: DMH 166

Course ID: 28525

Announcement

This is a four-unit course. You are expected to complete an average of 12 hours of work per week inclusive of lectures, assignments, and activities. This syllabus has learning objectives, rigor, class meeting times, and assignments commensurate with the expectation of 12 hours of work per week across 15 weeks in a semester. For reference, under a traditional three-unit course, you were expected to complete 9 hours of work per week inclusive.

Description of changes

The new, 4-unit Econ 137A has been modified to incorporate more material. When this course was taught as a three-unit course it focused on mainly evaluating income-producing assets to arrive at an appropriate value, but did not (nor was required to) form an opinion as to which valuation models applied to which markets. As a four-unit course, Econ 137A will further focus on valuation models germane to certain industries and certain behavioral aspects of a particular market (described and listed below in the course schedule and "Required Texts/Readings").

The number of out of class assignments has also been increased to 7 from 4. The three new assignments will require students to use a combination of real world data gathered from public sources such as loopnet.com in conjunction with MS-Excel to be used in valuing assets they've selected throughout the semester. Since students are required to select their own assets from public sources, and in turn no-two students' assignment findings will be the

same. Students are assumed to have a rudimentary knowledge of MS-Excel, however, MS-Excel tutorials will be provided to the student.

The former 3-unit, Econ 137A offered by the department did not include a writing assignment. It required only reading assignments and a proficiency of valuation models. As a 4-unit course, Econ 137A includes all of these activities, plus: additional writing assignments explaining each of the seven out of class assignments, student presentations of their findings, and developing their own opinion of value after formal valuation models are applied. This is in keeping with the Department's emphasis on improving writing across the curriculum.

The expected time in doing the additional research, valuation, writing, and editing and based on average writing skills and use of MS-Excel. The three new assignments and accompanying work is 75% increase in assignments and will be at least 20% more time of outside-class work. Because of these additional writing assignments and workload Econ 137A now supports achievement of 2 of the Economics Department's Program Learning Outcomes and 5 Course Learning Objectives.

Student Learning Objectives -- Upon completion of a course, you will be able to:

- PLO 3 - Conduct analytical narratives on corporate case studies
- PLO 5 - Effectively present findings in a coherent manner through presentation and written outlets.
- CLO 1 – Correctly use tools to evaluate income-producing assets.
- CLO 2 – Explain which tools are applicable to various valuation scenarios.
- CLO 3 - Analyze which income-producing assets to determine which yield highest returns on investment.
- CLO 4 - Determine which income-producing assets across many candidates are most valued and least valued.
- CLO 5 - Write executive summaries based on analytics as to which investments are financially more advantageous than others.

Course Description

Net present value criterion for investment and financial decisions, portfolio analysis, capital assets pricing model, information efficiency of security markets, influence of dividend policy on stock prices and optimality of financial structure of corporations. Prerequisite: ECON 1B.

Required Texts/Readings

Textbook Book:

Foundations of Finance: The Logic and Practice of Financial Management

Author: Keown, A. J., Martin, J. D., Petty, J. W. Scott, D. F

Publisher: Prentice Hall; 6 edition (June 21, 2007)

ISBN-10: 0132339226

ISBN-13: 978-0132339223

This is one of the most “readable” finance textbooks. I’m counting on you to read the material before class. This will provide you with the foundation necessary to understand a lecture that builds on (not repeats) the material in the book. Keep a notebook handy. When you don’t understand something in the reading write your question in as much detail as possible and ask me during class.

Classroom Protocol

Homework will be given weekly to prepare you for the mid-terms and final examination. Late homework will NOT be accepted after the due date.

Regular class attendance is important directly because homework and class participation will count toward your grade, and indirectly in that class lectures will contain material that you will be responsible for, but that may not be covered in the text. Thus it is highly recommended that you attend class on a regular and consistent basis.

Dropping and Adding

Students are responsible for understanding the policies and procedures about add/drops, academic renewal, etc. [Information on add/drops are available at http://info.sjsu.edu/web-dbgen/narr/soc-fall/rec-324.html](http://info.sjsu.edu/web-dbgen/narr/soc-fall/rec-324.html) . [Information about late drop is available at http://www.sjsu.edu/sac/advising/latedrops/policy/](http://www.sjsu.edu/sac/advising/latedrops/policy/) . Students should be aware of the current deadlines and penalties for adding and dropping classes.

Assignments and Grading Policy

There will be three mid-terms and one final exam. Exams will consist of a combination of quantitative, problem solving and essay questions. Examination blue books are not required for examinations. **Make-up exams will not be given.**

Your final course grade will be determined by two intermediate exam (25%), final exam (30%) and your homework, attendance, and participation (20%).

University Policies

Academic integrity

Students should know that the University's [Academic Integrity Policy is available at http://www.sa.sjsu.edu/download/judicial_affairs/Academic_Integrity_Policy_S07-2.pdf](http://www.sa.sjsu.edu/download/judicial_affairs/Academic_Integrity_Policy_S07-2.pdf).

Your own commitment to learning, as evidenced by your enrollment at San Jose State University and the University's integrity policy, require you to be honest in all your academic course work. Faculty members are required to report all infractions to the office of Student Conduct and Ethical Development. The website for [Student Conduct and Ethical Development is available at http://www.sa.sjsu.edu/judicial_affairs/index.html](http://www.sa.sjsu.edu/judicial_affairs/index.html).

Instances of academic dishonesty will not be tolerated. Cheating on exams or plagiarism (presenting the work of another as your own, or the use of another person's ideas without giving proper credit) will result in a failing grade and sanctions by the University. For this class, all assignments are to be completed by the individual student unless otherwise specified. If you would like to include in your assignment any material you have submitted, or plan to submit for another class, please note that SJSU's Academic Policy F06-1 requires approval of instructors.

Campus Policy in Compliance with the American Disabilities Act

If you need course adaptations or accommodations because of a disability, or if you need to make special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible, or see me during office hours. Presidential Directive 97-03 requires that students with disabilities requesting accommodations must register with the DRC (Disability Resource Center) to establish a record of their disability.

ECON 137A Spring 2023 Course Schedule

Week	Date	Topics, Readings, Assignments, Deadlines
1	01/26	Theories and Models Introductory Lecture and Introduction of Model Use within Finance.
2	01/29	Chapter 1: Introduction to the Foundations of Financial Management. Chapter 2: Capital Markets and Interest Rates.
3	02/05	Chapter 3: Understanding Financial Statements
4	02/12	Chapter 4: Evaluating a Firm's Financial Performance. Review for Mid-Term 1.
5	02/19	<u>Mid-Term 1, 02-23-2023</u>
6	02/26	Chapter 5: Time Value of Money Application: Time Value of Money – Part 1: Personal Finance Application: Time Value of Money – Part 2: Corporate Finance
7	03/05	Chapter 6: Risk and Return Chapter 7: Valuation and Characteristics of Bonds Chapter 8: Valuation and Characteristics of Stocks Application: Valuation and Characteristics of Stocks
8	03/12	Chapter 8: Valuation and Characteristics of Stocks Application: Valuation and Characteristics of Stocks
9	03/19	Review for Mid-Term 2. <u>Mid-Term 2, 03-23-2023</u>
10	03/26	Spring Break
11	04/02	Application I: Capital Budgeting Techniques (NPV, IRR, PI, PBP).
12	04/09	Application II: Capital Budgeting Techniques (NPV, IRR, PI, PBP).
13	04/16	Chapter 10: Cash Flows and Other Topics in Capital Budgeting.
14	04/23	Review for Mid-Term 3. <u>Mid-Term 3, 04-27-2023</u>
15	04/30	Case study and combined strategies Part 1
16	05/07	Case study and combined strategies Part 2
17	05/11	Review for Final
Final Date	05/17	Wednesday, May 17 at 7:15-9:30 AM

Links:

[SJSU Academic Calendar](#)

[SJSU Final's Schedule Spring 2023](#)