

Winter term 2012/2013

Empirical Finance

Syllabus

Course number:	210 04
Language:	English
ECTS:	6 Credit points
Workload:	180 h
Independent studies:	120 h
Instructors:	Univ. Prof. Dr. Dieter Hess (lectures) Dipl. Wirt.-Math. Philipp Immenkötter (tutorials)
Office hour:	Philipp Immenkötter, Wednesday 14.00-15.00, room 212

Course description and objectives: This course focuses on empirical methods applied widely in financial research as well as in practice. Students will learn how to use the statistic tool STATA and how to handle data sets in order to conduct own empirical work and to critically analyze empirical studies. In particular, selected econometric methods like OLS, FGLS and panel methods will be covered. The main purpose, however, is to learn how to apply – rather than how to derive – these econometric techniques. At the end, each student should be able to apply these methods to specific practical problem sets.

Attendance: 60 hours. Throughout the course, we expect that you will attend class regularly and on time.

Schedule:	<u>Lecture:</u>	Wednesday	12.00 – 13.30 in HS XXIII and
		Wednesday	14.00 – 15.30 in HS XXIII
	<u>Tutorial:</u>	Tuesday	10.00 – 11.30 in HS XXV and
		Thursday	10.00 – 11.30 in HS XXV

Course material: Required reading and slides will be announced via the E-Learning platform ILIAS.

Outline:

1. The OLS estimator
2. Application: Multiples
3. Significance of estimated regression coefficients
4. Variable selection
5. The data set
6. Application: CAPM tests and extensions

7. Goodness of fit and significance of regression
8. Practical problems
9. Panel techniques
10. Application: Earnings and macroeconomic conditions

Grades: Your grade is based on 60 points. In general, the course is passed with 30 points. You can score up to 6 points in a take-home exam and 54 points in the final exam which is a closed book written exam lasting 60 minutes.

The exam will be given to you in English. You are free to answer in English or in German, but only in one language. The exam takes place on January 30th, 2013 14:00PM or in July 2013. The room will be announced on the homepage about one week before the exam. <http://www.cf.uni-koeln.de/>

The take-home exam is a special exercise which can be solved in groups at home and in the computer lab. The take-home exam is a mandatory part of the class and a good opportunity to apply the theoretical knowledge of the lecture. It will be available on ILIAS in the second week and is due on 21st of January 2013, 12:00 PM. Points earned on the take-home exam are valid for the exam in January 2013 and July 2013, but take-home exams from last semester are NOT VALID. There will be no extra take-home exam in July. All students are required to participate in the take-home exam during the winter term. If you do not hand in the take-home exam you will earn 0 out of 6 points.

Literature:

Wooldridge, J. M. (2000): „Introductory Econometrics: A Modern Approach.“, South-Western College Publishing.

Verbeek, M. (2008): „A Guide to Modern Econometrics“, 3rd edition, Wiley.

Kohler, U., Kreuter, F. (2009): “Data Analyse Using Stata”, 2nd edition, Stata Press.

Urban, D., Mayerl, J.(2006): “Regressionsanalyse: Theorie, Technik und Anwendung”, 2. Auflage, VS Verlag.

Kohler, U., Kreuter, F. (2006): “Datenanalyse mit Stata”, 2. Auflage, Oldenbourg.