



浙江大學

**ECON906**

**The Application of Financial  
Econometrics**

## ECON906

### The Application of Financial Econometrics

#### Instructor Contact Details

Lecturer-in-charge: Xinxin Wang

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Office location: Huajiachi Campus, Zhejiang University, Hangzhou, China

Consultation Time: Book appointment by sending email to: wlwyxy\_29@zju.edu.cn

#### Teaching Times, Modes and Locations

Course Duration: 1 July 2024 to 19 July 2024

Modes: Online/Face-to-face

Location: Anywhere via online, or Huajiachi Campus, Zhejiang University via face-to-face

#### Academic Level

Postgraduate

#### Credit Points:

The course is worth 6 units of credit point.

#### Credit Hours

The number of credit hours of this course equals to the credits of a standard semester-long course.

#### Contact Hours

The course contains a total of 53 contact hours, which consists of orientation, lectures, seminars, quiz, discussion, research, case study, small tests, assignments, on-site field trip(s), in-class and after-class activities, revision, self-study, and final exam. Students will receive an official transcript which is issued by Zhejiang University when completing this course.

#### Enrolment Requirements

Eligibility requires enrollment in an overseas university as an undergraduate or postgraduate student, proficiency in English, and pre-approval from the student's home institution.

### Course Description:

This course introduces some widely used econometric models for analyzing financial data and the procedures used to estimate these models. This course focus on empirical work and the application of analysis of real market data. This course includes following topics: the statistical nature of financial data; the specification, estimation, and testing of asset pricing models; high-frequency financial data analysis; and the modeling of financial return volatility. Throughout the unit, students are encouraged to become familiar with financial data and learn how to apply models to these data.

### Prerequisite:

Prior knowledge in Econometric Applications is required for taking this course.

### Learning Resources

- Campbell, J. Y., A. Lo and A. C. MacKinlay, *The Econometrics of Financial Markets*, 1997
- Jianqing Fan and Qiwei Yao, *The Elements of Financial Econometrics*, 1st edition, Cambridge University Press. 2017

### Learning Objectives

By the end of this course, you should be able to:

- Be able to implement the econometric models in statistical packages and interpret the output from these models.
- Becoming familiar with the econometric methods for analyzing such data
- Understanding the key features of the classic and latest econometrics models used in financial economics.

### Course Delivery:

- Online Lecture mode includes lectures, seminars, quiz, discussion, research, case study, small tests, assignments, online field trip(s), in-class activities, revision, and final exam.
- Face-to-face Lecture mode includes lectures, seminars, quiz, discussion, research, case study, small tests, assignments, on-site field trip(s), in-class and after-class activities, revision, and final exam.

The following course will be taught in English. There will also be guest speakers and optional field trips available for students who would like to enhance their learning experience. All courses and other sessions will be run during weekdays.

Topics and Course Schedule:

WK	Topic	Activities
1	Orientation	
1	Introduction and overview of the course	Lecture; Tutorial
1	Introduction of probability and statistics	Lecture; Tutorial
1	The Predictability of Asset Returns	Lecture; Tutorial
1	Market Microstructure	Lecture; Tutorial
2	Event-Study Analysis	Lecture; Tutorial
2	The Capital Asset Pricing Model	Lecture; Tutorial
2	Multifactor Pricing Models	Lecture; Tutorial
2	Quiz	Closed book
2	Present-Value Relations	Lecture; Tutorial
2	Intertemporal Equilibrium Models	Lecture; Tutorial
3	Modelling volatility using (G)ARCH models	Lecture; Tutorial
3	Modelling high-frequency financial data	Lecture; Tutorial
3	Nonlinearities in Financial Data	Lecture; Tutorial
3	Realized volatility	Lecture; Tutorial
3	Revision	Tutorial
3	Final exam	Closed book

### Assessments:

Class participation	15%
Quiz	15%
Assignments	20%
Final exam	50%

### Grade Descriptors:

HD	High Distinction	85-100
D	Distinction	75-84
Cr	Credit	65-74
P	Pass	50-64
F	Fail	0-49

#### **High Distinction 85-100**

- Treatment of material evidences an advanced synthesis of ideas Demonstration of initiative, complex understanding, and analysis.
- Work is well-written and stylistically sophisticated, including appropriate referencing, clarity, and some creativity where appropriate.
- All criteria addressed to a high level.

#### **Distinction 75-84**

- Treatment of material evidences an advanced understanding of ideas Demonstration of initiative, complex understanding and analysis Work is well-written and stylistically strong.
- All criteria addressed strongly.

#### **Credit 65-74**

- Treatment of material displays a good understanding of ideas.
- Work is well-written and stylistically sound, with a minimum of syntactical errors.
- All criteria addressed clearly.

#### **Pass 50-64**

- Treatment of material indicates a satisfactory understanding of ideas Work is adequately written, with some syntactical errors.
- Most criteria addressed adequately.

#### **Fail 0-49**

- Treatment of ideas indicates an inadequate understanding of ideas Written style inappropriate to task, major problems with expression.
- Most criteria not clearly or adequately addressed.

## Academic Integrity

Students are expected to uphold the university's academic honesty principles which are an integral part of the university's core values and principles. If a student fails to observe the acceptable standards of academic honesty, they could attract penalties and even disqualification from the course in more serious circumstances. Students are responsible for knowing and observing accepted principles of research, writing and any other task which they are required to complete.

Academic dishonesty or cheating includes acts of plagiarism, misrepresentation, fabrication, failure to reference materials used properly and forgery. These may include, but are not limited to: claiming the work of others as your own, deliberately applying false and inaccurate information, copying the work of others in part or whole, allowing others in the course to copy your work in part or whole, failing to appropriately acknowledge the work of other scholars/authors through acceptable referencing standards, purchasing papers or writing papers for other students and submitting the same paper twice for the same subject.

This Academic Integrity policy applies to all students of the Zhejiang University in all programs of study, including non-graduating students. It is to reinforce the University's commitment to maintain integrity and honesty in all academic activities of the University community.

## Policy

The foundation of good academic work is honesty. Maintaining academic integrity upholds the standards of the University. The responsibility for maintaining integrity in all the activities of the academic community lies with the students as well as the faculty and the University. Everyone in this community must work together to ensure that the values of truth, trust and justice are upheld. Academic dishonesty affects the University's reputation and devalues the degrees offered. The University will impose serious penalties on students who are found to have violated this policy. The following penalties may be imposed:

- ✓ Expulsion
- ✓ Suspension
- ✓ Zero mark /fail grade
- ✓ Marking down
- ✓ Re-doing/re-submitting of assignments or reports, and
- ✓ Verbal or written warning.