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LISBOA

Course Unit Program
Financial Markets

Academic Year 2023/2024

1. Organic Unit

Faculty of Business and Economic Sciences

2. Course

ECONOMICS

3. Cycle

1st

4. Course Unit

Financial Markets (03328)

5. Scientific Area

6. Curricular Year

3rd

7. Type of Curricular Unit / Semester

1st Semester



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8. Class type and workload (work time)

Theoretical classes:

Practical classes:

Theoretical-Practical Classes 30,00

Tutorial Guidance: 20,00

9. ECTS Credits

6,00

10. Scientific Area Coordinator

11. Regent

Prof. Doutor MIGUEL ALEXANDRE TEIXEIRA COELHO

12. Assistants

13. Teaching Language

Portuguese

14. General Objectives

The curricular unit was designed with the aim of providing students with training in the following areas:

1. Financial markets and their regulation.
2. Analysis and evaluation of financial instruments.
3. Portfolio and risk management.

15. Specific Objectives

1. Familiarize the student with the general principles of functioning of financial markets.
2. Familiarize students with the main financial instruments.
3. Provide methodologies for evaluating financial instruments.
4. Familiarize students with the basic principles of portfolio management and risk management.

16. Skills to be acquired

1. Decision in context of uncertainty.
2. Resolution of complex problems involving the use of financial instruments.
3. Proficiency in communication, oral and written, in the context of financial markets.

17. Teaching Methodology



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The method combines theoretical exposition (know- know) with the resolution of practical cases and simulation exercises (know-how), covering the framework, concepts and models inherent to each of the subjects to be taught. It also seeks to discuss the conciliation between theoretical knowledge and practical knowledge in real contexts, thus ensuring a phronetic perspective (wisdom) of the subject.

18. Course Unit Program



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I. Introduction.

- I.1 General principles of Financial Calculus.
- I.2 Current Situation of the Financial Markets.
- I.3 Main Concepts and Risks.
- I.4 Regulatory Framework of Financial Markets.
- I.5 Financial Markets, Technological Disruption and Sustainability: Threats and Opportunities.

II. Risk management.

- II.1 Return/risk relation.
- II.2 Diversification of the asset portfolio.
- II.3 Minimum variance portfolio.
- II.4 Efficiency frontier.

III. Analysis and Evaluation of Financial Instruments.

III.1. Shares.

- III.1.1 Characterization of the instrument and market.
- III.1.2 Evaluation models.

III.2. Bonds.

- III.2.1 Characterization of the instrument and market.
- III.2.2. Performance measures.
- III.2.3. Term structure of interest rate.
- III.2.4 Evaluation models.

III.3 Forwards.

- III.3.1 Characterization of the instrument and the market.
- III.3.2 Strategies with forwards.

III.3.2 Evaluation models.

III.4 Futures.

- III.4.1 Characterization of the instrument and the market.
- III.4.2 Strategies with futures.

III.5 Swaps.

- III.5.1 Characterization of the instrument and market.
- III.5.2 Strategies with swaps.
- III.5.3 Evaluation models.

III.6 Options.



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III.6.1 Characterization of the instrument and market.

III.6.2 Strategies with options.

III.6.3 Evaluation models: Uniform model; Binomial Model; Black & Scholes model.

19. Assessment Methods

Continuous assessment is based on carrying out 2 mid-term exams.

20. Didactic Resources

Adopted Books, Power Point, Videos and Internet.

21. Sustainability Objectives

Sustainable finance corresponds to the new finance paradigm of reorienting financial flows towards sustainable investments considering, namely, Environmental, Social and Governance (ESG) aspects.

In this context, the curricular unit seeks to make students aware of the need to ensure, within the scope of Financial Markets, sustainable financial principles.

22. Keywords

Financial Markets

Financial Instruments

Risk Management



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23. Main Bibliography

Author(s): Coelho, Miguel T. e Oliveira, Rui S.
Title: Mercados: São Mesmos os Grandes Culpados das Crises?
Edition: 1^a Year: 2015
Local: Lisboa
Publisher: Bnomics

Author(s): Elton, E., Gruber, J., Stephen J. e William, N.
Title: Modern Portfolio Theory and Investment Analysis
Edition: 8^a Year: 2010
Local: London
Publisher: J. Wiley & Sons

Author(s): Hull, J
Title: Options, Futures and Others Derivatives
Edition: 8^a Year: 2012
Local: London
Publisher: Prentice-Hall

24. Complementary Bibliography

Author(s): Bennings
Title: Financial Modeling
Edition: 2^a Year: 2000
Local: London
Publisher: MIT

Author(s): Jorion, Philippe
Title: Financial Risk Manager Handbook
Edition: 2^a Year: 2003
Local: New Jersey
Publisher: John Wiley & Sons



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