Contact Information

Instructor: Ryan Donnelly (rdon@uw.edu)
Class Schedule: TTh 12:00 - 1:20, LOW 206

Exams

Midterm: Thursday April 26, 2018 – 12:00 - 1:20
Final Exam: Thursday June 7, 2018 – 10:30 - 12:20

Grading

Homework: 50%
Homework will be submitted online and must be in the form of a single pdf document. Computational aspects of the homework may be done using any software of your choosing, but it is recommended that you use R or Matlab.

Midterm: 25%

Final Exam: 25%

Online students must have an approved proctor for the midterm and final exam, and the test must be written within 24 hours of the scheduled date and time (up to 24 hours before or 24 hours after). Online students may write the exam on campus at the scheduled time but must contact the instructor in advance to make sure there is room.

Materials

Textbook There is no required textbook for this course, but the following references may be helpful.


Other readings may be assigned as the course progresses.

Details

This course is an introduction to financial instruments and some related mathematical concepts. Concepts will include different conventions of interest rate computations, present value computations, financial arbitrage, pricing of derivatives, and the binomial lattice.

The following is a tentative sequence of topics:

- Review of concepts in probability
- Interest rates and discounting
- Risky asset returns
- Bonds and term structure of interest rates
- Mean-variance investing
- Utility functions
- Binomial model of stock prices and option pricing

Some additional topics will be covered based on available time, such as futures and forward contracts and preliminary continuous time option pricing.