UCLouvain

becge1117

2025

Introduction to financial markets

4.00 credits	30.0 h + 15.0 h	Q2

Teacher(s)	Praet Alain ;
Language :	Dutch
Place of the course	Bruxelles Saint-Louis
Learning outcomes	**At the end of this learning unit, the student is able to :** · obtain knowledge about the financial markets: learn how to define and identify fundamental financial concepts, among which e.g. financial products. · understand financial economic newspaper articles (and reports) and explain them in their own words. · apply the theoretical concepts during exercise sessions during which financial problems will be solved (e.g. with respect to time value of money, the term structure of interest rates, pricing of financial instruments and the risk-return trade off) and graphical representations will have to be made.
Evaluation methods	During a two-hour written exam the knowledge of the theoretical concepts - presented during the lectures - as well as the ability of the student to solve problems related to those covered during the exercise sessions will be evaluated. It should be noted that for this course students are expected to follow the financial news. All documents (newspaper articles e.g.) that are mentioned in class will also be part of the exam material.
Teaching methods	The lecture During the lectures the theoretical concepts will be explained. Students will be encouraged to participate to class, answering to questions that will be raised. TA sessions Students will have the opportunity to solve problems under the guidance of an assistant. Students are encouraged to review the lecture before attending exercise classes.
Content	In a first part, money and the financial system will be introduced. In order to enable the pricing of financial instruments, the time value of money will be addressed. Present and future value calculations of a single cash flow, of cash flow streams, annuities and perpetuities will be taught. Both money market (treasury bills, commercial paper, repo) and capital market products (bonds, stocks) will be discussed. We will go into the pricing and the risk of bonds and stocks. Finally the importance of financial intermediaries is addressed, focussing on the structure of the financial industry, the depository institutions and the regulator. Contents in detail: Part 1: Introduction: Why study money, banking and financial markets? An overview of the financial system with a focus on the European and Belgian Markets What is money? Part 2: Financial Markets The meaning of interest rates, annuities, perpetuities and loan tables The behavior of interest rates Risk structure of interest rates Stock markets and the efficient market hypothesis Part 3: Financial Institutions An economic analysis of financial structure An introduction to banking and general principles of bank management Financial crises in advanced economies
Bibliography	Reference work : The Economics of Money, Banking and Financial Markets (11th Edition) (The Pearson Series in Economics) – Frederic S. Mishkin
Other infos	On the university's electronic platform the following additional information will be offered: - a copy of the slides used in class - the exercises that will be solved during the exercise classes. Additional exercises will be added (partially with solutions).
Faculty or entity in charge	ESPB

Programmes containing this learning unit (UE)

Program title	Acronym	Credits	Prerequisite	Learning outcomes
Bachelor in Economics and Management (French-Dutch-English)	ECTB1BA	4		🔍
Bachelor : Business Engineering (French-Dutch-English)	INTB1BA	4		🔍
Bachelor in Economics and Management [Dual Bachelor's degree for the holder of a Bachelor in Law]	ECGB1BA	4		🔍