



QUINLAN
SCHOOL of BUSINESS

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FINC 625 APPLIED ECONOMETRICS

SPRING 2017

Schreiber 725 (Main)

Schreiber 302 (Lab Sessions, Only when specified)

Course Description:

Applied Econometrics introduces students to econometric methods in order to analyze economic and financial data and to forecast them. Topics include OLS single and multiple regression, panel data analysis, discrete choice models, and regression with time series data, including applications to financial econometrics. Students will learn how to conduct – and how to critique – empirical studies in finance, economics and related fields. The course emphasizes empirical applications; the mathematics of econometrics will be introduced only as needed and will not be a central focus.

Required Material:

Stock and Watson, **Introduction to Econometrics**, Pearson/Addison Wesley, 3rd **Updated Edition**

Recommended Material:

Kennedy, **A Guide to Econometrics**, MIT Press

Required Background:

Basic knowledge of statistics (probability and inference at the undergraduate level), linear algebra and calculus (derivatives) and a basic understanding of microeconomics and finance are necessary for this course. Students who are unsure about their background preparation should talk to me as soon as possible.

Course Operation:

The course meets once a week - Tuesdays. Since we will be covering a different topic each week, I strongly encourage weekly class attendance.

I will post the lecture notes on Sakai *before* lectures, however, **the lecture note is not a substitute for coming to class.** There will be material that you will be responsible for that is not currently covered in the lecture notes.

All materials that I hand out in class and some additional materials will be made available on Sakai.

Please bring name cards to every class during the first 3-4 weeks of the quarter.

Lab sessions: We will use STATA as the primary software for the empirical exercises. Some weeks we will move to Schreiber 302 to learn using STATA. The meeting rooms will vary weekly, depending on the lecture schedule. STATA is available on Loyola on-campus computers only, and not laptops. If you need to use STATA at home, you will need to purchase a student version online on their webpage.

In class participation: In class participation will be the decisive factor if you are in the margin between grades. This means, good class participation can only help you!

Office Hours:

I have scheduled office hours so that you can be sure that I will be in my office if you make the effort to come see me. I have formal office hours on Tuesdays from 2 pm to 5 pm. I will hold additional office hours in the week prior to an exam. If you need to see me, but cannot attend my

scheduled office hours, e-mail or see me for an appointment (give me alternative 3 times that would be convenient for you).

Grading:

The course grade is based on a midterm exam (25%), a final exam (35%), assignments (10%), a group project (25%) and a group project presentation (5%).

Exams:

There will be no make-up exams. If for some extraordinary reason you cannot make it to the midterms or the final, then you may take the exam ahead of time if you discuss this with me first. No one will be able to take a test after the assigned time. If you happen to miss the midterm then its weight will be transferred to the final exam.

The exams will be closed book, however, **you are allowed to have a “cheat sheet” with all of the necessary formulae or concepts**. For the midterm, you are allowed **one** two-sided, letter size sheet of paper. For the final you are allowed **two** two-sided, letter size sheet of paper.

There will be **weekly problem sets** assigned after each topic. The problem set will be worth 10% of your grade. You are free to discuss the problems with other students but the final write-up should be your **individual** work. Assignments are due before class start time.

The final group project is writing a research paper on a topic and research question of your choice in economics or finance. The ideal is 4 students per group. Please submit a brief overview (1-page) of the research paper topic by 6/6 in class. The final submission of the paper is 7/25. Group presentations are in class on 7/25 also. All the group members are encouraged to participate in the presentation and be ready to answer questions. More information about the group research paper will be available during class.

Re-grades:

I will work hard to ensure that the same partial credit is allocated to the same partially correct answer on each exam. Occasionally, I will make mistakes in my grading, and I am eager to correct mistakes subject to the following limits. If you believe that there was a mistake in the grading of your exam, ***within one calendar week*** following the return of the exam, submit the original exam and a separate *written explanation* of the points of contention to me. If the re-grade request is made after one calendar week or without an accompanying written explanation, no re-grade will be given. *There are no exceptions to the preceding rule.* **YOUR ENTIRE EXAM WILL BE REGRADED.** This means that in the unlikely event that I find more scoring errors that were in your favor than against you, your regrade score could actually be lower. All re-grade decisions are final.

Follow the Code of Academic Integrity:

This class will adhere to Loyola University Honor Code.

Personal integrity is the key to your success and happiness in business and life. Throughout your life, you will be expected to abide by the ethics of the culture in which you find yourself, and failure to do so can destroy your career or worse. I will not tolerate any cheating or other dishonesty.

Special Arrangements and Exam Conflicts:

If you have a documented disability and anticipate the need for accommodations in this course, please make arrangements to meet with me as soon as possible. **Documented evidence that you were seriously ill at the scheduled time of an exam is the only valid excuse for missing an exam.** In order to be excused from an exam, you must contact me *prior to the exam* and be ready to provide me with documentation after the exam.

Quinlan School of Business Policies:

Attendance

Class attendance and participation are fundamental components of learning, so punctual attendance at all classes, for the full class meeting period, is expected of Quinlan students. Faculty may set participation policies unique to their courses and use class participation as a component of the final grade. The student is responsible for any assignments or requirements missed during an absence.

Class participation includes not only attendance but active communication/discussion in class.

Make-Up Examinations

Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. **Make-up examinations are discouraged.** Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician's note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

If a make-up examination must be given, it is the responsibility of the faculty member to prepare, schedule, and proctor the exam. The only regular exception is for a student athlete, who may use the testing services of the Athletics Department to complete a make-up examination. For a student with a documented special testing need, please consult University policy concerning use of the testing center in Sullivan Center at Lake Shore Campus.

Academic Integrity

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood...Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of “F” for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:

<http://www.luc.edu/media/lucedu/quinlanschoolofbusiness/pdfs/Honor-Code-Quinlan-July2012.pdf>

Instructor Policies

No laptops and cell phones during lectures please.

Also, please be considerate to others in the classroom and prepare to arrive to class on time.

Course Calendar

The course calendar is tentative. There will be topics that we cannot finish in one week, and some topics which are shorter.

			Topic	Readings	Notes
Tue	May	23	Class Introduction Review of Probability and Statistics	Ch 1-3	Form groups of 4 students
Tue	May	30	Single Regression Analysis	Ch 4-5.2	
Tue	June	6	Multiple Regression Analysis	Ch 6-7	Research Topic Write-up Due
Tue	June	13	Wrap-up Multiple Regression Analysis, Binary Independent Variables	Ch 5.3 & Ch 8.3	
Tue	June	20	MIDTERM		In-class exam
Tue	June	27	Binary Dependent Variables Violations of the OLS assumptions	Ch 11 & Ch 9	
Tue	July	4	NO CLASS		
Tue	July	11	Panel Data Time Series Regression Analysis 1	Ch 10 & Ch 14	
Tue	July	18	Time Series Regression Analysis 2	Ch 15	
Tue	July	25	Course wrap-up & Group Presentations		Research paper due
Tue	Aug	1	FINAL EXAM		Cumulative final exam, in- class