

120 DEPARTMENTS IN THE FACULTY OF COMMERCE

8. Vertical relations and restraints.

DP requirements: None

Assessment: Coursework 30% consisting of 4 homework assignments (20%) and one presentation (10%); examination 70%.

ECO4051S DEVELOPMENT ECONOMICS

14 NQF credits at HEQSF level 8

Convener: Malcolm Keswell

Course entry requirements: See entrance requirements for Honours in Economics or at the discretion of the convener.

Course outline:

This course covers a range of macro and microeconomic issues of particular relevance to developing countries. While precise topics covered will vary, examples include the nature and measurement of development, privatisation and deregulation, financial liberalisation, industrialisation and trade strategy, globalisation, transnational corporations and foreign investment and the role of the state and industrial policy. While key theoretical issues are dealt with, the approach is primarily applied with extensive use made of actual policy experience in a wide range of developing countries.

DP requirements: None.

Assessment: Coursework consisting of one long essay (24%) and 3 short essays (36%) 60%; examination 40%.

ECO4052S ENVIRONMENTAL ECONOMICS

14 NQF credits at HEQSF level 8

Convener: M Keswell

Course entry requirements: See entrance requirements for Honours in Economics.

Course outline:

This course will expose students to a variety of real world problems like control of pollution, management of mines, forests and fisheries, funding biodiversity and putting the environment into project and policy decision-making. The emphasis is on practical application of economic tools. The course will consist of a mixture of lectures, readings, seminars and practical/problem solving sessions. There will be group projects for 3-4 people which will be very practically based, but should be written as a short paper, with a basic literature review that draws on the topics covered in the class.

DP requirements: None.

Assessment: Coursework consisting of assignments, presentation, participation and an essay 50%; examination 50%.

ECO4053S FINANCIAL ECONOMICS

14 NQF credits at HEQSF level 8

Convener: M Keswell

Course entry requirements: See entrance requirements for Honours in Economics.

Course outline:

Economics of arbitrage and martingale pricing, derivatives markets; binomial model, introduction to Ito calculus, Black-Merton-Scholes analysis; bond market basics introduction to interest rate derivatives; mean-variance analysis, Capital Asset Pricing Model, multi-factor models and Arbitrage Pricing Model, stochastic discount factor; asymmetric information and limits to arbitrage.

DP requirements: None.

Assessment: Coursework consisting of tests and essays 50%; examination 50%.

ECO4100F/S SECURITIES LEGISLATION

14 NQF credits at HEQSF level 8

Convener: H Abraham

Course entry requirements: See entrance requirements for the Honours in Financial Analysis and Portfolio Management

Course outline:

The course aims to provide students with a high level and practical understanding of the primary legislation applicable to financial services in South Africa. The course begins by providing students with a working knowledge of how financial services legislation works, how to interpret it and work with it in their jobs. It then focuses on the Financial Advisory and Intermediary Services Act; insider trading and market manipulation legislation; corporate governance guidelines and practices and expected future regulatory controls. Knowledge testing is done by means of an exam. There are no assignments during the course.

DP requirements: None

Assessment: Examination 100%

ECO4101F/S CORPORATE FINANCE AND EQUITY VALUATION & EQUITY VAL

14 NQF credits at HEQSF level 8

Convener: H Abraham

Course entry requirements: See entrance requirements for the Honours in Financial Analysis and Portfolio Management

Course outline:

The course aims to provide a sound foundation and practical application in equity valuation and corporate finance. The first part of the course is about equity valuation: it covers the various approaches to equity valuations with technical and fundamental analysis. The second part of the course is about corporate finance: it covers issues of capital structure, dividend policy, mergers and acquisitions. The course equips the student with basic tools which may be applied at the workplace.

DP requirements: None

Assessment: Examination 70% Tests/projects 30%

ECO4102F / S PORTFOLIO OPTIMISATION

14 NQF credits at HEQSF level 8

Convener: H Abraham

Course entry requirements: See entrance requirements for the Honours in Financial Analysis and Portfolio Management

Course outline:

The course aims to provide the theoretical background and practical application in portfolio optimization. The course covers the following topics: the efficient market hypothesis, modern portfolio theory, investment policy and portfolio creation, performance attribution analysis, and measurement of portfolio returns. The course enables students to utilize practically the material taught should they wish to act as practitioners in this field of financial economics.

DP requirements: None

Assessment: Examination 60% Tests/projects 40%

ECO4104F /S FINANCIAL MODELLING & STATISTICS MODULES

14 NQF credits at HEQSF level 8

Convener: H Abraham

Course entry requirements: See entrance requirements for the Honours in Financial Analysis and Portfolio Management

Course outline:

This is an introductory course to financial economics. The course aims to provide the foundations of statistics which are utilised in financial economics. The course covers the following topics: refresher of basic statistics, data description and measurement, survey and probability concepts, linear

regression, financial programming. The module equips the students with the statistical tools and methods essential for measurement and evaluation in financial economics.

DP requirements: None

Assessment: Examination 60% Tests/projects 40%

ECO4105F / S ECONOMICS MODULE

14 NQF credits at HEQSF level 8

Convener: H Abraham

Course entry requirements: See entrance requirements for the Honours in Financial Analysis and Portfolio Management

Course outline:

The Economics module takes into consideration the diverse background of the students in the FAPM programme. Accordingly, the Economics module introduces the principles of microeconomics and macroeconomics with a particular emphasis on applications.

(a) Microeconomics perspectives:

The economics problem, the operation of markets and price determination. Industrial organization: from perfect competition to monopoly, market structure, regulating competitive interaction in markets. Controls, excise taxes, elasticity and industry responses: A case study of the tobacco industry.

Capital management: a lecture will be delivered by a guest speaker.

(b) Macroeconomics perspectives:

The macroeconomic framework: relationships and linkages. Indicators of macroeconomic performance.

The structure of the South African economy.

Monetary and exchange rate policy in South Africa: Monetary policy, exchange rate policy and performance, regulation\ Economic forecasts.

DP requirements: NONE

Assessment: Examination 65% Assignment 35%

ECO4106F / S HONOURS LONG ESSAY

Fourth year status.

30 NQF credits at HEQSF level 8

Convener: H. Abraham

Course entry requirements: See entrance requirements for the Honours in Financial Analysis and Portfolio Management

Course outline:

The Honours essay is in a form of a group assignment (2-3 students per project). The essay is restricted to between 8,000 and 10,000 words, must be undertaken immediately after the course work, and completed within two years after admission to the programme.

DP requirements: None

Assessment: 100% written work.

ECO4108F / S FUTURES, OPTIONS & DERIVATIVES

14 NQF credits at HEQSF level 8

Convener: H Abraham

Course entry requirements: See entrance requirements for the Honours in Financial Analysis and Portfolio Management

Course outline:

The aim of this course is to introduce the theory and mechanics of derivative securities, and to cover the operations of the main types of derivative securities. The topics covered in the course are: introduction to forward and futures contracts, the Binomial framework for pricing options, the Black-Scholes method for pricing options, swaps, warrants and convertibles, financial engineering.

the yield curve. Students should be able to apply at the workplace their knowledge gained in the course.

DP requirements: None

Assessment: Examination 75% Tests/projects 15% Tutorials 10%

ECO4109F / S ACCOUNTING FOR PORTFOLIO MANAGERS

14 NQF credits at HEQSF level 8

Convener: H Abraham

Course entry requirements: See entrance requirements for the Honours in Financial Analysis and Portfolio Management

Course outline:

This is an introductory course to the understanding and interpretation of financial statements. The aim of the course is to provide the accounting foundations relevant to making investment decisions regarding company's equity instruments. Students are taught principles relating to the following skills:

Read financial statements and be able to identify and interpret the significant investment, financing and dividend decisions that a firm has made.

Calculate and interpret financial statement ratios.

Analyse the firm's financial position, return and risk using the financial statements.

Appreciate the difference between cash flow and accounting earnings as an indicator of a firm's performance.

Have a basic understanding of International Financial Reporting Standards (IFRS) so as to be able to make useful comment on most components of a company's financial statements.

Appreciate the limitations of financial accounting numbers.

Appreciate the role of intangible assets.

Appreciate the importance of Annual Financial Statements in understanding a business, but also appreciate the need to research further than this, i.e. "beyond the numbers".

DP requirements: None

Assessment: Examination 60% one test 40%

ECO4111F / S FIXED INCOME SECURITY ANALYSIS

14 NQF credits at HEQSF level 8

Convener: H Abraham

Course entry requirements: See entrance requirements for the Honours in Financial Analysis and Portfolio Management

Course outline:

The course aims to provide a sound foundation and practical application in fixed income security analysis. The course covers the following topics: yield curves and forward rate analysis, a framework for analysing bonds, risk analysis of bonds, fixed income strategies. The course enables students to utilize practically the material taught in this course should they wish to act as practitioners in this field of financial economics.

DP requirements: None

Assessment: Examination counts 100%.

ECO4112F MATHEMATICS AND STATISTICS FOR ECONOMISTS

0 NQF credits at HEQSF level 8

Convener: M Keswell

Course entry requirements: See entrance requirements for Honours in Economics.

Course outline:

This course covers the basic tools and applications in order to prepare the student for the study of Macroeconomics, Microeconomics and Econometrics at an intermediate and advanced level. Material covered includes linear algebra, comparative statics, optimisation, integration and differential difference equations.