

IB2B2-15 Financial Econometrics

24/25

Department

Warwick Business School

Level

Undergraduate Level 2

Module leader

Anthony Garratt

Credit value

15

Module duration

10 weeks

Assessment

Multiple

Study location

University of Warwick main campus, Coventry

Description

Introductory description

The module aims to provide a solid grounding in the principles and techniques of modern financial econometrics. In doing so, it will serve as an introduction to key econometric and statistical methods of empirical investigation in Finance and Financial Economics.

[Module web page](#)

Module aims

The module aims to equip students with the following competencies, in particular:

1. Establish the specific characteristics of a financial dataset.
2. Undertake empirical analysis of financial-markets data.
3. Understand the features of univariate time-series modelling.
4. Use of econometric software packages as tools for quantitative and statistical analysis.

Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

The linear regression model – single and multiple variable (cross-sectional)

Hypothesis testing, dummy variables, heteroskedasticity

Regression analysis with Time Series Data

Trends, Non-stationarity, Unit roots, Cointegration

Forecasting using ARIMA models

Panel data estimation: fixed effects/first differences

Learning outcomes

By the end of the module, students should be able to:

- Understand the theoretical principles underpinning a suite of introductory econometrics and statistical tools.
- Select the most appropriate model specification and econometric setup to answer a research question in empirical Finance.
- Assess the robustness and power of a suite of statistical and econometric techniques for analysing financial data.

Indicative reading list

Brooks C (3rd edition, 2014) *Introductory Econometrics for Finance*, Cambridge University Press

Campbell J, Lo A and MacKinlay A (1997): *The Econometrics of Financial Markets*, Princeton University Press

Christoffersen, P (2nd edition, 2012) *Elements of Financial Risk Management*, Elsevier, Academic Press

Wooldridge, (6th edition, 2016) *Introductory Econometrics: A Modern Approach*, Cengage

Subject specific skills

Upon successful completion of the module, students will be able to:

- (a) carry out robust empirical analysis of cross-sectional, time-series and panel data in Finance.
- (b) critically evaluate and replicate aspects of published empirical finance studies.

Transferable skills

Upon successful completion of the module, students will be able to:

- (a) design and undertake small inquiry-based projects in empirical finance.
- (b) critically evaluate a range of econometric techniques for analysing financial data.

Study

Study time

Type	Required
Lectures	10 sessions of 1 hour (7%)
Seminars	9 sessions of 1 hour (6%)
Online learning (independent)	10 sessions of 1 hour (7%)
Private study	49 hours (33%)
Assessment	72 hours (48%)
Total	150 hours

Private study description

No private study requirements defined for this module.

Costs

No further costs have been identified for this module.

Assessment

You do not need to pass all assessment components to pass the module.

Assessment group D3

	Weighting	Study time
Group Report	20%	14 hours
In-person Examination Exam	80%	58 hours

- Answerbook Gold (24 page)
- Students may use a calculator

Assessment group R3

	Weighting	Study time
Individual Assignment	20%	
In-person Examination - Resit Exam	80%	

Feedback on assessment

In-class and on my.wbs

Availability

Pre-requisites

To take this module, you must have passed:

- All of
 - [IB122-15 Business Analytics](#)

Courses

This module is Optional for:

- UIBA-N20B BSc in Management
 - Year 2 of N20B Management
 - Year 2 of N20B Management
 - Year 2 of N23K Management with Accounting
 - Year 2 of N234 Management with Digital Business
 - Year 2 of N235 Management with Entrepreneurship
 - Year 2 of N232 Management with Finance
 - Year 2 of N252 Management with Marketing
 - Year 2 of N23L Management with Strategy and Organisation
- Year 2 of UIBA-N400 Undergraduate Accounting and Finance
- Year 3 of UIBA-N403 Undergraduate Accounting and Finance (with Foundation Year)
- UIBA-N401 Undergraduate Accounting and Finance (with Placement Year/Undergraduate Partnership Programme)
 - Year 2 of N401 Accounting and Finance (Placement)
 - Year 2 of N402 Accounting and Finance (Undergraduate Partnership Programme)
- Year 2 of UGEA-RN21 Undergraduate German and Business Studies
- Year 2 of UIPA-L8N1 Undergraduate Global Sustainable Development and Business
- UIBA-N20F Undergraduate International Management
 - Year 2 of N20F International Management
 - Year 2 of N20F International Management
 - Year 2 of N20S International Management (with Accounting)
 - Year 2 of N20T International Management (with Chinese)
 - Year 2 of N20P International Management (with Entrepreneurship)
 - Year 2 of N20M International Management (with Finance)
 - Year 2 of N20U International Management (with French)
 - Year 2 of N20L International Management (with Marketing)
 - Year 2 of N20V International Management (with Spanish)
 - Year 2 of N20W International Management (with Strategy and Organisation)
 - Year 2 of N20N International Management with Digital Business
 - Year 2 of N20E Management (with Foundation Year)

- Year 2 of N234 Management with Digital Business
- UIBA-N20J Undergraduate Management (with Foundation Year and Placement Year/Undergraduate Partnership Programme)
 - Year 3 of N20J Management (Foundation Year and Placement)
 - Year 3 of N20K Management (Foundation Year and UPP)
 - Year 3 of N23H Management with Digital Business (with Foundation Year and Placement Year)
 - Year 3 of N23J Management with Entrepreneurship (with Foundation Year and Placement Year)
 - Year 3 of N23G Management with Finance (with Foundation Year and Placement Year)
 - Year 3 of N255 Management with Marketing (with Foundation Year and Placement Year)
- UIBA-N20E Undergraduate Management (with Foundation Year)
 - Year 3 of N20E Management (with Foundation Year)
 - Year 3 of N23N Management with Accounting (with Foundation Year and Placement Year)
 - Year 3 of N23M Management with Accounting (with Foundation Year)
 - Year 3 of N23E Management with Digital Business (with Foundation Year)
 - Year 3 of N23F Management with Entrepreneurship (with Foundation Year)
 - Year 3 of N23D Management with Finance (with Foundation Year)
 - Year 3 of N252 Management with Marketing
 - Year 3 of N254 Management with Marketing (with Foundation Year)
 - Year 3 of N23P Management with Strategy and Organisation (with Foundation Year)
- UIBA-N20C Undergraduate Management (with Placement Year/Undergraduate Partnership Programme)
 - Year 2 of N20M International Management (with Finance)
 - Year 2 of N20B Management
 - Year 2 of N20D Management (Undergraduate Partnership Programme)
 - Year 2 of N20C Management (with Placement Year)
 - Year 2 of N20Q Management with Accounting (with Placement Year)
 - Year 2 of N236 Management with Digital Business (with Placement Year)
 - Year 2 of N237 Management with Entrepreneurship (with Placement Year)
 - Year 2 of N232 Management with Finance
 - Year 2 of N233 Management with Finance (with Placement Year)
 - Year 2 of N253 Management with Marketing (with Placement Year)
 - Year 2 of N20R Management with Strategy and Organisation (with Placement Year)