

# Syllabus Financial Markets

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March – July 2025

**IX Cycle**

**Lizarzaburu Bolaños, Edmundo**

## I. Course Data

<b>Subject:</b>	Financial Markets		
<b>Requisite:</b>	Financial Instruments	<b>Code:</b>	10242
<b>Precedente:</b>	No tiene	<b>Semester:</b>	2025-1
<b>Credits:</b>	3	<b>Cycle:</b>	IX
<b>Weekly Hours:</b>	3	<b>Type of the course:</b>	Face to face Sessions
<b>Type of course</b>	Obligatory	<b>Course Coordinator</b>	Julio Quispe
<b>Career(s)</b>	Administración y Finanzas		

## II. Summary

This course will provide student concepts and performance of the national and international financial markets, and the main instruments traded. The course will describe concepts of national and international financial markets, regulation, structure, organization, traded instruments. Mechanisms of trading and listing. Financial markets and global capital flows, contribution to economic growth.

## III. Course Objectives

Give students the basics and the tools to analyze and understand financial markets. Besides, to allow them identifying concepts and values of finances related to international markets, developing strategies to manage of financial assets in different markets, which imply at least review and analysis of financial statements.

## IV. Learning Outcomes

The student will be able to:

- Understand the importance of financial markets, its composition, structure and regulation.
- Learn the determinants of exchange rate and regulated and unregulated markets, considering MILA (Mercado Integrado Latino Americano by its acronym in Spanish).
- Understand and comprehend government participation in exchange rate and how the Central bank takes part through its monetary policy.
- Acquire knowledge about derivative markets as hedging instruments before exchange rate volatility.
- Learn the mechanism of stock market game of international market with the financial simulation Investopedia, among others.
- Value the importance of the alternative markets of investment as tools that -low diversify its glob- investment portfolio.
- Learn the mechanism of management of assets and liabilities to long term, as well as short term in order to understand the foreign direct investment and the alternatives of international financing.
- Use the tools of derivative markets such as coverage before Exchange rate volatility.
- Identify the alternatives of financial investment and global markets of stock and bonds.

- Use the tools of management of assets and liabilities to long term and short term to establish the level of foreign direct investment.
- Fab Lab application in international Markets

## V. Methodology

Classes will be developed encouraging the combination of the practice with the theory, simulations of investment will be performed.

Besides, team work will be applied to intensify learning and develop in the participant the skills needed to work successfully.

The participant must read the assigned material in each session which will complete everything learned in class and will be evaluated in the quizzes and fin- and mid-term exam. The student can do the necessary consultations to the teachers scheduled.

## VI. Assessment

The evaluation system is permanent and integral. The course grade is obtained by averaging the continuous assessment (60%) and final exam (40%).

Continuous assessment includes the following:

Average of the Ongoing Evaluation (PEP) 60%		
Type of Evaluation	Description	Weight %
Quiz*	4 Quizzes	45%
Group Research Project**	Task during the class	20%
Individual Research Assignment**	Individual Research Paper	20%
Class Involvement	Cases, Participation, Attendance	15%

\* No grade is canceled.

\*\* The guidelines for both the Group and Individual Research Assignments will be handed out by the teacher at the start of the semester.

The final grade average is obtained by:

$$FG = (0,60 \times PEP) + (0,40 \times EF)$$

### Legend:

**FG** = Final Grade

**PEP** = Average of the ongoing evaluation

**EF** = Final Exam

## VII. Contents

WEEK	CONTENTS	ACTIVITIES / EVALUATION
<b>LEARNING UNIT I:</b>  <b>LEARNING OUTCOMES:</b> <ul style="list-style-type: none"> <li>Understand the importance of financial markets, its composition, structure and regulation.</li> </ul>		
<b>1°</b>  Del 17 al 22 de marzo	<b>1.1 Overview of Financial Markets</b> 1.1.1 Classification of Financial Markets 1.1.2 Primary Markets versus 1.1.3 Secondary Markets 1.1.4 Money Markets versus Capital Markets 1.1.5 Foreign Exchange Markets 1.1.6 Derivative Security Markets 1.1.7 Financial Market Regulation 1.1.8 The Role of Financial Markets 1.1.9 Globalization of Financial Markets 1.1.10 Financial Markets and the Real Economy	Lectures  Research Project
	<b>Required reading:</b> Fabozzi, F. J. (2015). Capital Markets: Institutions, Instruments and Risk Management. Chapter 1.	
<b>2°</b>  Del 24 al 29 de marzo	<b>1.2 Technical Analysis in FOREX market and Investopedia</b> 1.2.1 Tendency 1.2.2 Line and graph bars 1.2.3 Candlestick Analysis 1.2.4 Patterns of continuity as triangles, Wedges, flags, pennants 1.2.5 Momentum 1.2.6 Indicator: MACD (Moving Average Convergence / Divergence) 1.2.7 Indicator: Pivot points & Bollinger bands	
	<b>Required reading:</b> Reuters: <a href="https://www.reuters.com">https://www.reuters.com</a> Yahoo! Finance: <a href="https://finance.yahoo.com">https://finance.yahoo.com</a> Investing.com: <a href="https://www.investing.com">https://www.investing.com</a>	
<b>3°</b>  Del 31 de marzo al 05 de abril	<b>1.3 Government influence on Exchange Rates and Arbitrage</b> 1.3.1 Exchange Rate Systems 1.3.2 European Unique Currency, EURO 1.3.3 Government intervention 1.3.4 International arbitrage 1.3.5 Interaction of Interest Rates, Inflation and Exchange Rates: IRP, PPP, EFI	Quiz 01  (Week 1,2)
	<b>Required reading:</b> Madura, J. (2008) International Financial Management, Chapters 8 & 9.	

WEEK	CONTENTS	ACTIVITIES / EVALUATION
<b>LEARNING UNIT I:</b>  <b>LEARNING OUTCOMES:</b> <ul style="list-style-type: none"> <li>Understand the importance of financial markets, its composition, structure and regulation.</li> </ul>		
<b>4°</b> Del 07 al 12 de abril	<b>1.4 Banking Industry, Central Banks and Monetary Policy</b> 1.4.1 Structure of the Banking System 1.4.2 The Federal Reserve System 1.4.3 The Monetary Supply process : 1.4.4 Peruvian's Central Bank: Structure and 1.4.5 Peruvian's Central Bank: TOSE, reserve rate 1.4.6 Determinants of monetary supply: control 1.4.7 Actual rate and Latam central banks  <b>Required reading:</b> Mishkin, F. (2013). Economics of Money, Banking and Financial Markets. (10 Ed.). Chapters 12, 13 & 14.	Task
<b>5°</b> Del 14 al 16 de abril	<b>1.5 Central bank and monetary policy.</b> 1.5.1 Tools of monetary policy 1.5.2 Objectives of monetary policy 1.5.3 Impact of monetary policy in the FOREX market  <b>Required reading:</b> Mishkin, F. (2013). Economics of Money, Banking and Financial Markets. (10 Ed.). Chapters 15 & 16.	
<b>6°</b> Del 21 al 26 de abril	<b>1.6 Determinants of Exchange rate</b> 1.6.1 Measurement of exchange rate movements 1.6.2 Factors which affect the Exchange rate 1.6.3 Speculation on exchange rate 1.6.4 Currency markets and Forward calculation 1.6.5 Development of applied case 1.6.6 Forward calculation 1.6.7 NDF calculation   FIX  <b>Required reading:</b> Madura, J. (2008) International Financial Management, Chapter 4.	Quiz 02  (Week 3,4,5)
<b>7°</b> Del 28 de abril al 03 de mayo	<b>1.7 Foreign Exchange (FOREX) Market</b> 1.7.1 Foreign Exchange Markets and Risk 1.7.2 Background and History of FOREX 1.7.3 Foreign Exchange Rates and Transactions (Participants, Purchase and Sale processes) 1.7.4 Investment strategies in Forex 1.7.5 MILA market and portfolio.	2 Interim Update

<b>WEEK</b>	<b>CONTENTS</b>	<b>ACTIVITIES / EVALUATION</b>
<b>LEARNING UNIT I:</b>  <b>LEARNING OUTCOMES:</b> <ul style="list-style-type: none"> <li>Understand the importance of financial markets, its composition, structure and regulation.</li> </ul>		
	<b>Required reading:</b> Saunders, A. & Millon, M (2012). Financial Markets and Institutions. Chapter 9.	
<b>8° &amp; 9°</b> Del 05 al 17 de mayo	<b>1.8 Derivative Markets I: Linear Payoff Derivatives</b> 1.8.1 Classification of Derivatives 1.8.2 Futures Contracts 1.8.3 Forward Contracts 1.8.4 Swaps 1.8.5 Applications 1.8.6 Pricing of Futures and Forward Contracts 1.8.7 General Principles of Hedging with Futures 1.8.8 The Role of Linear Payoff Derivatives in Financial Markets	Quiz 03
	<b>Required reading:</b> Fabozzi, F. J. (2015). Capital Markets: Institutions, Instruments and Risk Management. Chapter 9.	
<b>10°</b> Del 19 al 24 de mayo	<b>1.9 Derivative Markets II: Nonlinear Payoff Derivatives</b> 1.9.1 Options 1.9.2 Exotic Options 1.9.3 Caps and Floors 1.9.4 Credit Default Swaps 1.9.5 Pricing of Options 1.9.6 Economic Role of Nonlinear Payoff Derivatives 1.9.7 Loans	3 Interim Update
	<b>Required reading:</b> Fabozzi, F. J. (2015). Capital Markets: Institutions, Instruments and Risk Management. Chapter 9.	
<b>11°</b> Del 26 al 31 de mayo	<b>1.10 International Investment and rating agencies.</b> 1.10.1 Global Stock and Bond Markets, MILA 1.10.2 Risk factors in international investment 1.10.3 Risk, profitability and diversification 1.10.4 Foreign Assets Portfolio Construction	
	<b>Required reading:</b> Bodie, Z. Kane, A. & Marcus, A. (2005). Essentials of Investments. Chapter 21.	

<b>WEEK</b>	<b>CONTENTS</b>	<b>ACTIVITIES / EVALUATION</b>
<b>LEARNING UNIT I:</b>  <b>LEARNING OUTCOMES:</b> <ul style="list-style-type: none"> <li>Understand the importance of financial markets, its composition, structure and regulation.</li> </ul>		
<b>12°</b> Del 02 al 06 de junio	<b>1.11 Alternative investment markets</b> 1.11.1 Hedge funds: features, strategies of investment, arbitrage 1.11.2 Venture capital: steps of investments, Features of investment 1.11.3 Investment in re- state 1.11.4 Investment in Exchange Traded Funds 1.11.5 Investment in Commodities  <b>Required reading:</b> Martin Mato, M. A. (2009). Mercado de Capitales. Chapter 20.	4 Interim Update
<b>13°</b> Del 09 al 14 de junio	<b>1.12 Management of assets and liabilities to long term</b> 1.12.1 Foreign Direct Investment 1.12.2 International capital budgeting 1.12.3 International acquisitions  <b>Required reading:</b> Madura, J. (2008) International Financial Management, Chapter 15	Quiz 04  (Week 10,11,12)
<b>14°</b> Del 16 al 21 de junio	<b>1.13 Management of assets and liabilities to short term. Export and import market</b> 1.13.1 International financing 1.13.2 Commercial financing methods 1.13.3 Short term financing  <b>Required reading:</b> Madura, J. (2008) International Financial Management, Chapters 19 & 20	Individual Research Paper
<b>15°</b> Del 23 al 28 de julio	Presentation of the Group Research Project	Presentation of the Group Research Project
<b>16°</b> Del 30 junio al 05 de julio	<b>EXAMENES FINALES</b>	

## VIII. Bibliography

### Basic Bibliography

- Madura, J. (2013) *International Financial Management* (12th Ed.) Cengage Learning.

### Supplementary Bibliography

- Bodie, Z. Kane, A. & Marcus, A. (2006). *Essentials of Investments* (6<sup>th</sup> Ed). Mc Graw Hill/Irwin
- Fabozzi, F. J. (2015). *Capital Markets: Institutions, Instruments and Risk Management* (5<sup>th</sup> Ed). The MIT Press: London.
- Mishkin, F. (2013). *Economics of Money, Banking and Financial Markets*. (10 Ed.). Pearson Education.
- Saunders, A. & Millon, M (2012). *Financial Markets and Institutions* (5<sup>th</sup> Ed). Mc Graw Hill/Irwin

### Websites to review

[www.reuters.com](http://www.reuters.com)  
[www.bloomberg.com](http://www.bloomberg.com)  
[www.bcrp.gob.pe](http://www.bcrp.gob.pe)  
[www.investopedia.com](http://www.investopedia.com)  
[www.yahooofinance.com](http://www.yahooofinance.com)  
[www.bvl.com.pe](http://www.bvl.com.pe)  
<https://www.capitaliq.com>

## IX. Lab Support

It doesn't require

## X. Lecturer

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