Course syllabus for undergraduate Program

Course name:

Capital Market Analysis (CMA)

Course teacher:

Dr. Sheng Cao
Dep. of Accountancy
The School of Economics and Management, Tongji University, Shanghai 200092
Phone: (021) 6598 1562
Personal E-mail: shengcao@tongji.edu.cn;
Class Time: Tues. 8:40-10:15pm in Beijing Time
Q&A: Wechat group

Course value/credit:

2 Credits

Summary:

The capital market plays a significant role in social resources allocation through financial assets' pricing. This course aims to provide further understanding of capital market by some financial analysis tools and skills. In detail, the course will start by introducing basic theories such as portfolio theory, CAPM, APT, EMH, assets valuation etc. Then financial derivatives, corporate governance, Chinese capital market, technical analysis, fundamental analysis and possible arbitrage opportunities will be intended.

It is strongly recommended that students are highly interested in the capital market and are familiar with some basic trading mechanism or products like stock, bond, mutual fund etc.

Course objectives or design:

By the end of semester, students are supposed to know about capital market's stakeholders, including their preference/incentives and the market consequences (valuation). Besides, some specific mechanism and the phenomenon in China will be discussed, especially the motivation and the performance of the State-Owned-Enterprises (SOEs). At last, you are expected to be able to do corporate analysis independently.

During the second-half of the semester, a small M&A simulation will be imposed. It's an application of comprehensive knowing of institution, culture, negotiation and team work efficiency. At the end, the studens will be classified into a few groups to work out one real

analysis report together.

Course Schedule：

Course Schedule

Course title	Capital Market Analysis Spring, 2021
Instructor	Dr. Sheng Cao, Dep. of Accountancy
Institution	Tongji University, Shanghai, 200092, P.R. China
Requirement	Corporate Finance, Accounting Principles, Economics, Statistics
Contents, Topics, Activities, Working Meetings (in English)	
Session 1	Introduction – The course organization / requirements etc. – The valuation /accounting info. /analysis
Session 2	Financial products and capital market: – Products categories – Exchange mechanism – Investors
Session 3	Return, Risk and portfolio: – Return and risk – Portfolio theory
Session 4	Return, Risk and portfolio: – Optimal portfolio and efficient frontier – CAPM model
Session 5	APT model: – Market equilibrium and arbitrage – APT and risk factor identifying – CAPM and APT – Multivariable regression
Session 6	EMH and Violation: – Information and asset pricing – The EMH and empirical test – Violation and behavioral evidence
Session 7	EMH and Violation: – Behavioral bias and asset pricing – The technical analysis – A real-based simulation

Session 8	Bond's valuation and risk premium – Bond's pricing – Violation risk, maturity
Session 9	Security analysis – Macro-economics – Industrial analysis
Session 10	Security analysis – Valuation model – Relative pricing method – FCF-way estimation
Session 11	Financial analysis – Accounting statements reading – The financial ratios and the implementation – Time-series and industrial compare – EPS forecast: start from sales estimation
Session 12	M&A simulation – Task assignation – Mission attending report – Due Diligence
Session 13	M&A simulation: – Due diligence – Negotiation – Feedback and mission report
Session 14	Case analysis: team work
Session 15	Case analysis: team work
Session 16	Case analysis: presentation
Session 17	Case analysis: presentation

Reading materials:

Textbook:

1. ***Investments,*** Zvi Bodie, Alex Kane and Alan J. Marcus, Mc Graw Hill Ecucation press, (9th edition).

Extened reading for no corporate finance background students:

1. ***Corporate Finance***, Stephen A. Ross, Randolph W. Westerfield, Jeffrey Jaffe. Mcgraw-Hill international edition (9th edition).

Extened reading for data processing:

1. ***The Little SAS Book,*** Lora D. Delwiche and Susan J. Slaughter. SAS Publishing; 3rd edition (October 15, 2003)

Used literatures (selected):

1. An Empirical Evaluation of Accounting Income Numbers Journal of Accounting Research 6 (2): 159-178 (1968) BALL, Ray and .BROWN Philip
2. Sloan R G. Do Stock Prices Fully Reflect Information in Accruals and Cash Flows About Future Earnings?[J]. Social Science Electronic Publishing, 1996, 71(3):289-315.
3. Cohen L, Frazzini A, Malloy C. Sell Side School Ties[J]. Ssrn Electronic Journal, 2008, 65(4):1409-1437.
4. Fan J P H, Wong T J, Zhang T. Politically Connected CEOs, Corporate Governance, and the Post-IPO Performance of China's Partially Privatized Firms[J]. Journal of Applied Corporate Finance, 2014, 26(3):85–95.
5. Sapp T, Tiwari A. Does Stock Return Momentum Explain the "Smart Money" Effect?[J]. Journal of Finance, 2004, 59(6):2605–2622.
6. Fama E F, French K R. Common risk factors in the returns on stocks and bonds[J]. Journal of Financial Economics, 1993, 33(93):3-56.

Assessment breakdown: (please fill in the relevant components)

Components	Percentage of final grade
Class participation	20%
Class performance	20%
Final exam	Group work 40% Personal homework 20%
Others (Please specify)	The personal contribution in team work will be highly considered!