

Fin 533 Applied Financial & Economic Forecasting

Fall 2013

Professor: Asli K. Ogunc
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Course web-page: <http://www7.tamu-commerce.edu/ecofin/courses/Ogunc/309/309.html>
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Office Hours: M & W at 9:30 – 12:00 and by appointment
Text: Forecasting, Time Series, and Regression by BOWERMAN, O'Connell, Koehler, 4TH edition, 2005, ISBN 9780534409777
Software: You can rent the student version of the software at Minitab website for 6 months at <http://www.minitab.com/education/semesterrental/default.aspx>)
Also: Please fill out the form at: <http://sell.tamu.edu/files/studentsasFY2013.pdf> and follow the directions to get a free version of SAS. We will use BOTH software for this class.

COURSE OUTLINE

Chapter 1	An Introduction to Forecasting	08/27
Chapter 2	Basic Statistical Concepts	09/03

✓ Submit the proposal for the project 09/10

Chapter 7	Decomposition Methods	09/10
Chapter 8	Exponential Smoothing	09/17

✓ *1st EXAM—Chapters 1, 2, 7, 8* 09/24

Chapter 3	Simple Linear Regression	10/01, 10/08
Chapter 4	Multiple Linear Regression	10/15
Chapter 5	Model Building and Residual Analysis	10/22, 10/29
Chapter 6	Time Series Regression	11/5

✓ *2nd EXAM—Chapters 3 – 6 Tuesday, November 12*

Chapter 9	Nonseasonal Box-Jenkins Models and Their Tentative Identification	11/19
Chapter 10	Estimation, Diagnostic, Checking, and Forecasting for Nonseasonal Box-Jenkins Models	11/19
Chapter 11	Box-Jenkins Seasonal Modeling	11/26, 12/03

✓ *Project is due on the day of the final – Tuesday, December 10, 2013*

- ✓ *Final EXAM comprehensive - Tuesday, December 10, 2013 (Your grades will be due by 12/16 COB)*

NOTE: This outline is subject to change! Regular class attendance is needed to follow up with these changes and the assignments.

GRADES AND ADMINISTRATIVE MATTERS:

Grades will be based on 2 mid-terms (40 points each), assignment, class participation, and in class work (15 points), project (20 points) and a final (25 points) exam. Plan well in advance for the exams: there will be no early exams and no make-up exams. An exam that is missed will be considered an F, unless your professor is notified prior to the exam and the excuse is a legitimate medical one or officially approved. Regardless of the excuse, if you miss two tests you will automatically fail the class. Assignments will be announced in the class; it is your responsibility to keep up with the assignments. Late assignments will not be accepted. Course grades will be assigned as:

90 – 100 %	A
80 – 89 %	B
70 – 79 %	C
60 – 69 %	D
Below 59 %	F

PROPOSAL FOR THE PROJECT

The proposal will include your data (both your dependent and at least 3 independent variables), data source (the website you got it from), data description, simple statistics and relevant plots on all variables, and the correlation matrix. Please read your project outline handout as soon as possible. Complete project will be due last week of class. You need to bring the projects in class as well as upload them at turnitin.com. Sample projects are uploaded to eCollege. You can also find them at the library at the reference desk. Please refer to the sample projects to get an idea about what the expectations are.

HELPFUL HINTS

Objectives of this course is to introduce the student to the basics of both regression and time series techniques and their application to real business situations as well as the use of current software available for forecasting.

Systematic study, rather than cramming, is advisable. Class attendance is strongly recommended, but not required. Former students have indicated that the material covered in class is very helpful at the time of the examinations. Reading the assigned materials, working the assigned exercises, taking notes in class, and using the office hours are important learning tools. Specific

assignments will be announced orally in the class and it is your responsibility to keep up with all the assignments.

RULES, REGULATIONS AND OTHER STUFF

- ✓ All students enrolled at the university shall follow the tenets of common decency and acceptable behavior conducive to a positive learning environment.
- ✓ The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you have a disability requiring an accommodation, please contact: Office of Student Disability Resources and Services, Texas A&M University-Commerce, Halladay Student Services Building Room 303 A/D, Phone (903) 886-5150 or (903) 886-5835, Fax (903) 468-8148, StudentDisabilityServices@tamu-commerce.edu
- ✓ The College of Business and Technology at Texas A&M University-Commerce students will follow the highest level of ethical and professional behavior. Actionable Conduct includes illegal activity, dishonest conduct, cheating, and plagiarism. Failure to abide by the principles of ethical and professional behavior will result in sanctions up to and including dismissal from the university.
- ✓ **PLAGIARISM** Plagiarism represents disregard for academic standards and is strictly against University policy. Plagiarized work will result in an “F” for the course and further administrative sanctions permitted under University policy. Guidelines for properly quoting someone else’s writings and the proper citing of sources can be found in the APA Publication Manual. If you do not understand the term “plagiarism”, or if you have difficulty summarizing or documenting sources, contact your professor for assistance.
- ✓ **STUDENT WORKLOAD** University graduate students are expected to dedicate a minimum of *90 clock hours* during the term/semester for a 3SH course delivered online.

Learning Statement for FIN 533				
	Unsatisfactory	Emerging	Proficient	Exemplary
Understanding of time series data and components using various statistical and graphical tools with applications to financial and economic data.	Student exhibits no understanding of the issues being examined.	Student makes serious errors with regard to the significant issues of the question or problem being examined, but at least demonstrates knowledge of some of the major points of the issues.	Student demonstrates understanding of the major points of the issues being examined but does not demonstrate understanding of all the details of the issue.	Student can demonstrate a thorough knowledge of the issue being examined.
Understanding of Regression Analysis and application to both applications to financial and economic data.	Student exhibits no understanding of the issues being examined.	Student makes serious errors with regard to the significant issues of the question or problem being examined, but at least demonstrates knowledge of some of the major points of the issues.	Student demonstrates understanding of the major points of the issues being examined but does not demonstrate understanding of all the details of the issue.	Student can demonstrate a thorough knowledge of the issue being examined.
Understanding and application of different univariate time series models including but not limited to Smoothing, Decomposition, MA(k), and ARIMA using financial and economic data.	Student exhibits no understanding of the issues being examined.	Student makes serious errors with regard to the significant issues of the question or problem being examined, but at least demonstrates knowledge of some of the major points of the issues.	Student demonstrates understanding of the major points of the issues being examined but does not demonstrate understanding of all the details of the issue.	Student can demonstrate a thorough knowledge of the issue being examined.
Identification of the best model from alternative models and obtaining forecasts using at least 2 different software.	Student exhibits no understanding of the issues being examined.	Student makes serious errors with regard to the significant issues of the question or problem being examined, but at least demonstrates knowledge of some of the major points of the issues.	Student demonstrates understanding of the major points of the issues being examined but does not demonstrate understanding of all the details of the issue.	Student can demonstrate a thorough knowledge of the issue being examined.

FIN 533 is a required class for MS in Finance and an elective for MBA