Important: Read this syllabus thoroughly and carefully. You are responsible for all the material in it.

Course Description:
The art of econometrician consists in finding the set of assumptions which are both sufficiently specific and sufficiently realistic to allow him/her to take the best possible advantage of the data available to him/her.

This class provides both theoretical and practical tools for applying finance/economic theory and models to real finance/economic data. We use statistical tools to answer "how much" type questions; by doing so, we are able to confirm or refute whether the economic theory or model actually operates in real world. By the end of this class you should have a solid understanding of many important concepts and theories in econometrics. Also, you should have a command of the statistical tools and be able to do independent research using finance/economic data.

Readings:
The following should be available at the Bookstores:

Required Text:
Econometrics 3rd Edition
Jeffrey M. Wooldridge
Thomson South-Western

The text above is one of the best on the market. It is easy to read, yet maintains a high level of rigor and analytic.
Not all the material in the lectures appears in the texts, nor is all the material in the texts covered in the lectures. The text should be viewed as a complement to the lectures, not a substitute. You are responsible for the material in the texts and in the lectures.

Recommended Texts:
Using Econometrics: A practical Guide
A.H. Studenmund
Addison Wesley

Econometric Analysis
William Greene
Prentice Hall

(The recommended textbooks will be available on the “Reserves” section of your library)
**Lecture Topics:**
The following is a list of lecture topics. On some I will go into great detail, others I will but mention in passing. I will follow the order below:

1 class  The Nature of Economic Data

1 class  Midterm Exam: TBA

5 classes  Least Squares Regression with Matrix Algebra
2.1-2.4, 3.1-3.5 and Appendices D and E  (Greene 2.2-2.9)

3 classes  Multiple Regression Analysis: Inference and the Classical Assumptions
4.1-4.6  (Studenmund: 4.1, 5.4-5.5, Greene 6.3)

2 classes  OLS Asymptotics (large sample properties)
5.1-5.3  (Greene: 6.7)

2 classes  Multiple Regression Analysis: Beta Coefficient, Functional Forms
6.1-6.4  (Studenmund: 7.2)

3 classes  Specification Analysis, Qualitative Information, and Data Problems
7.1-7.5  (Studenmund: 7.3-7.5, Greene: 8.2-8.2.2, 8.4)

2 classes  Heteroscedasticity
8.1-8.3  (Studenmund: 10.1-10.4, Greene: 12.1-12.3)

1 class  Multicollinearity
(Studenmund: 8.1-8.5)

1 class  Serial Correlation
(Studenmund: 9.1-9.3)

2 classes  Generalized Regression Model
(Studenmund: 9.4)

1 class  Basic Regression Analysis with Time series
10.1-10.5

2 classes  Simple Panel Data Methods
13.1-13.3

2 classes  Maximum Likelihood (ML) Estimate
17.1

**Final Exam: TBA**

Exams will consist of approximately 3 to 4 problems. You will be given 4 or 5 problem sets during the semester. Problem sets must be submitted on the due date. **No exceptions.**

For all the course information and documents please visit the “Blackboard”
Grade Distribution:
Midterm Exam  20% or 30%
Final Exam    30% or 40%
Term Paper    20% or 0   (term paper is optional)
Problem Sets  30%

There will be no opportunity to make up an exam. If you miss an exam, you will receive a grade zero for that exam. However, if circumstances warrant, an alternative may be made possible by bringing a valid document. There are no extra-credit assignments. Plan to do well on the required material.
Grades will not be given by the e-mails. (for the privacy issues)

Attendance and Participation:
Regular class attendance is expected and class participation will be encouraged. Students will be responsible for all work missed during an absence, no matter what the reason for the absence. Consistent class attendance and worthwhile class participation will be viewed favorably in assigning grades for "borderline" cases.

Examination Rules:
Only pencils, pens, erasers, pencil sharpeners, a watch, and your Rutgers ID card are allowed. You are best off not bringing anything else to the exam. If you do, put it in a bag under your seat.

Calculator: You are not permitted to use cell phone calculator, PDA calculator, or any calculator on an electronic/digital device with wireless messaging function.

I would like to remind everyone that violations of the university code of academic integrity, including plagiarism and cheating, will not be tolerated by the department or the university. Such violations are harmful to everyone and only serve to poison the atmosphere of openness and mutual trust on which an academic department depends

Office Hours:
TH 3:00-5:00 P.M., Hill Hall Room 826
You can reach me by e-mail: sani@econ.rutgers.edu
(Weekend e-mails will be replied on Monday except the weekend before the exam)

Note:
Should I be forced to miss a class, I will make every effort to provide you a prior notice. In the absence of such notice, please wait 20 minutes past the hour.

P.S. Note that I reserve the right to alter the contents of this syllabus during the semester.
Organization of the Term Paper:

Section 1: Introduction.
Section 2: Description of the data and sources.
Section 3: Technique of analysis, the results, and your interpretations.
Section 4: Summary and conclusion.

The paper should be short (certainly not more than 15 pages). It is best to start early - so start looking around for possible topics and then discuss with me.

You can go to the “Blackboard” for complete “How to Write an Econometrics Paper”.

Term Paper Due Date: Thursday April 26, 2007 (or sooner).