



**FIN101 Financial Markets  
and Economic Principles**



# Subject outline

## FIN101 Financial Markets and Economic Principles

### Section 1 — General information

#### 1.1 Administrative details

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Duration	Credit points	Level
One study period (12 weeks)	6	AQF8

#### 1.2 Core or elective subject

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This is a core subject for the Graduate Certificate in Mining Finance, Graduate Certificate in Corporate Finance, Graduate Certificate in Applied Finance, Graduate Diploma of Applied Finance and Master of Applied Finance.

#### 1.3 Delivery mode

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This subject is delivered online.

#### 1.4 Prerequisites

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There are no prerequisites for this subject. However please review the 'Assumed knowledge' section below to understand the prior knowledge Kaplan advises you should hold before enrolling in this subject.

#### 1.5 Assumed knowledge

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Not applicable.

#### 1.6 Course transition subject equivalence

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Students are not required to complete this subject if they have transitioned from a SIA/Finsia/Kaplan course and have completed the following subjects within the course completion timeframe:

- FIN111 Financial Markets and Economic Principles
- C1 Financial Markets and Economics.



### **1.7 Work integrated learning**

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There are no placements, internships or work experience requirements associated with undertaking this subject.

### **1.8 Other resource requirements**

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Students do not require access to specialist facilities and/or equipment to undertake this subject.

## Section 2 — Academic details

### 2.1 Subject overview

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This subject focuses on an overview of Australian financial markets and the influence of economic developments on these markets; an understanding of which is fundamental to later Applied Finance subjects. It introduces key economic principles and provides an overview of the forces that drive economic markets, and then moves into a discussion of the different asset classes, equities, foreign exchange and commodities, derivatives, financial products, and funds management. Students follow a fictitious case study through much of the assessment, so that they may apply their understanding of the above concepts and explore a number of issues that could apply to a company after certain market events have occurred, using a realistic scenario.

### 2.2 Subject learning outcomes

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On successful completion of this subject, students should be able to:

1. Explain the interrelationships of the major domestic and global market sectors.
2. Explain the role of intermediaries in financial markets.
3. Assess the changes and impact of key economic and financial indicators on the Australian financial markets.
4. Assess the changes and impact of government and monetary policy on the Australian financial markets.
5. Compare how the different asset classes are used and traded.
6. Explain financial products and the drivers that influence their development and packaging.
7. Analyse current issues driving domestic and global financial markets in a given scenario.

## 2.3 Topic learning outcomes

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### Topic 1: Overview of global financial markets and participants

On successful completion of this topic, students should be able to:

- explain the flow of funds in the financial system
- explain the roles of participants in the financial services industry
- explore the interrelationship between market participants
- explain the process of intermediation and the advantages that intermediation brings to the financial markets
- explain the factors that have caused financial markets around the globe to become interrelated
- explain the advantages and disadvantages of globalisation for a country's economy and its financial markets.

### Topic 2: Economic principles

On successful completion of this topic, students should be able to:

- explain supply/demand analysis to determine the impact of changing market forces on the supply, demand or price of a product
- compare the usefulness and limitations of economic indicators for financial markets
- explain the various measures of price inflation.

### Topic 3: Economic management

On successful completion of this topic, students should be able to:

- explain the various measures of wage
- assess the current stance of monetary and fiscal policy in Australia
- assess the market and economic impact of a change in monetary policy.

### Topic 4: Forces that drive financial markets

On successful completion of this topic, students should be able to:

- analyse the relationship between a range of economic indicators and financial markets
- explain the importance of global markets and offshore market trends in Australian financial markets
- analyse the impact of economic and non-economic trends on Australian financial markets.

### Topic 5: Asset classes

On successful completion of this topic, students should be able to:

- explain the characteristics of each type of asset class
- summarise the advantages and disadvantages of each asset class
- explain the type of returns received from each asset class
- distinguish between income and growth assets
- explain the correlation between asset classes.

### Topic 6: The role of equity in financial markets

On successful completion of this topic, students should be able to:

- explain the role of the sharemarket
- explain the role and function of the Australian Securities Exchange (ASX)
- analyse the impact of the major economic and market factors on the sharemarket
- compare the risks and rewards associated with investing in international markets
- explain the techniques for raising equity.

### Topic 7: Foreign exchange and commodity markets

On successful completion of this topic, students should be able to:

- explain how exchange rates are determined
- assess the current issues driving the foreign exchange market
- explain how central banks influence movements in the foreign exchange market
- analyse the general issues associated with the commodity markets as opposed to financial markets
- compare the basic characteristics of different commodity markets.

### Topic 8: The derivatives market

On successful completion of this topic, students should be able to:

- explain the key features of the derivatives market and how it interacts with the underlying market
- compare the difference between exchange-traded and over-the-counter derivatives
- compare the major types of derivative instruments and their features
- choose the appropriate derivative instrument to hedge an exposure
- explain the risks and regulatory issues associated with derivatives.

### Topic 9: Financial products and managed investments

On successful completion of this topic, students should be able to:

- explain the main drivers of the funds management industry and their impact on the future development of the industry
- explore the role played by fund managers in the managed investments industry
- compare the benefits of investing in managed investments
- explain the methods by which managed investments are distributed to investors and the legislative framework surrounding and influencing managed funds
- explain what is meant by a 'financial product'
- explain the methods by which investments are distributed to investors
- analyse the benefits of investing in selected financial products.

## 2.4 Assessment schedule

Assessment	Description	Week	Topics	Weighting	Subject learning outcomes assessed
Task	Short-answer questions	Week 4	1–3	15%	LO1–LO4
Assignment 1	Analysis of a case study	Week 7	1–4	45%	LO1–LO4, LO7
Assignment 2	Scenario based questions	Week 12	5–9	40%	LO1, LO5–LO6

Please refer to our website <[www.kaplanprofessional.edu.au](http://www.kaplanprofessional.edu.au)> to review student policies relating to your assessment, including the *Kaplan Assessment Policy* and *Academic Integrity and Conduct Policy*.

## 2.5 Prescribed text

There is no prescribed text for this subject. Students are provided with key readings and access to Kaplan’s online databases. Students are encouraged to research and read widely on the topic.

## 2.6 Study plan

Week(s)	Topic name	Study load in hours
1	Topic 1: Overview of global financial markets and participants	10
2	Topic 2: Economic principles	10
3	Topic 3: Economic management	15
4	<b>Task (Weighting 15%)</b> Topic 4: Forces that drive financial markets	15
5	Topic 5: Asset classes	10
6	Topic 6: The role of equity in financial markets	14
7	<b>Assignment 1 (Weighting 45%)</b>	6
8	Topic 7: Foreign exchange and commodity markets	10
9	Topic 8: The derivatives market	10
10	Topic 9: Financial products and managed investments	10
11–12	<b>Assignment 2 (Weighting 40%)</b>	10
<b>Total minimum study load</b>		<b>120 hours</b>

Additional study hours (if required), dependent on knowledge and personal commitments	60 hours
<b>Total study load, including additional study hours</b>	<b>180 hours</b>