
FIN 620

Emp. Methods in Finance

Introduction & Course Details

Professor Todd Gormley

Today's Agenda

- Introduction
 - Discussion of Syllabus
 - Review of linear regressions
-

About Me

- PhD from MIT; Undergrad at Mich. St.
- 7th (10th) year at Wash. U.
 - Was at Wash. U. from 2006-09
 - Spent 7 years at The Wharton School
 - Returned in 2016
- Research = index funds & governance
- Find out more at www.gormley.info

Today's Agenda

- Introduction... about me
 - Discussion of Syllabus
 - Review of linear regressions
-

Course Objectives

- Provide toolbox & knowledge of cross-sectional & panel data empirical methods
 - Course will have three-pronged approach
 - Lectures will provide you econometric *intuition* behind each method discussed
 - Course readings expose you to examples of these tools being used in recent research
 - Optional exercises will allow you to use the methods taught in actual data
-

Reading Materials [*Part 1*]

- My lecture notes will be your primary source for each econometric tool
 - But, please read background texts before lecture [see syllabus for relevant sections]
 - Angrist & Pischke's *Mostly Harmless...* book
 - Roberts & Whited (2010) paper
 - Greene's textbook on econometrics
 - Wooldridge's textbook on panel data
-

Reading Materials *[Part 2]*

- We will also be covering 35+ empirical papers; obtain these using Econlit or by going to authors' SSRN websites for working papers *[I've provided links]*
 - Sorry, for copyright reasons, I can't post the papers to Canvas...
 - Just let me know if you have any problem finding a particular paper
-

Study Groups

- 3 study groups will do in-class presentations
 - Choose own members; can change later if need to
 - Try to split yourself somewhat equally into groups
 - Choose initial groups during today's break; first group presentations will be in next class!
[More about group presentations in a second...]
-

Course Structure

- Total of 125 possible points
 - In-class exam [*50 points*]
 - In-class presentations/participation [*25 points*]
 - Research proposal
 - Rough draft [*15 points*]
 - Final proposal [*35 points*]
-

Exam

- Done in last class, Tuesday, May 9, 9-11am
- More details when we get closer..., but a practice exam is already available on Canvas

Data exercises [*optional*]

- Exercises will ask you to download and manipulate data within Stata
 - E.g., will need to estimate a triple-diff
 - More instructions in handouts [which will be available on Canvas website]
 - These are optional and for you to do on your own if you choose to; solutions already posted!
-

In-class presentations & participation

- In every class (except today), students will present three papers in second half
 - Each study group does one presentation (this is why there needs to be three study groups)
 - However, only one student for each group presents
 - Rotate the presenter each week; doing this basically guarantees everyone full participation points
 - Assign papers for next class at end of class
[all papers are listed in the syllabus]
-

PowerPoint Presentations *[Part 1]*

- Should last for 10 min., no more than 12 min.
 - Summarize *[2-3 minutes]*
 - Analytical discussion which should focus on identification and causality *[6-7 minutes]*
 - Conclusion *[1 minute]*
 - Presentations followed by 5-10 minutes discussion; students must read all three papers
 - See handout on Canvas for more details
-

PowerPoint Presentations *[Part 2]*

- Each student must also type up 2-3 sentence concern for each paper their group does NOT present and upload to Canvas before class start
 - I will randomly select one after each student presentation to further facilitate class discussion
 - Write your comment with one of these goals in mind...
 - Write down your own view of “biggest concern”
 - Or write a concern you think presenter might miss!
 - **Failure to turn this in loses you participation points**
-

PowerPoint Presentations *[Part 3]*

- Due to frequent, past requests, I will post each student presentation to Canvas after class
 - Some students have wanted this in past to help them study for the final exam
 - **Please make sure to e-mail me presentations before the start of class to make it easier**
-

Goal of Presentations

- Help you think critically about empirical tools discussed in previous class
- Allow you to see **both** good and less good examples of empirical work
- Gives you practice on presenting; this will be important in the long run

Paper's by Gormley generally fall in former category. ☺ However, even they have weaknesses...

Research Proposal

- You will outline a possible empirical paper that uses tools taught in this course
 - Rough draft due April 18
 - Final proposal due exam week, May 10
 - If you want, think of this as a jump start on a possible dissertation paper
 - **See handout on Canvas for more details**
-

Office Hours & E-mail

- My office hours will be...
 - Thursdays, 1:00-2:00 p.m.
 - Or, by appointment
 - Office location: 217 Simon Hall or via Zoom
@ <https://wustl.zoom.us/my/gormley>
 - Email: my lastname @wustl.edu
-

Instructor Assistant

- The assistant for this course will be...
 - Jun Mok Kim
 - junmok@wustl.edu
- He will help answer any questions you might have about exercises, lectures, practice exam

All other questions can be directed to me!

Tentative Schedule

- See syllabus...
 - While exam date & final research proposal deadline are fixed, topics covered and other due dates may change slightly if there is a sudden and unexpected class cancellation
-

How the course is structured...

- We will have a 1-2 lectures per ‘tool’
 - I will lecture in first half (except today) on the ‘tool’
 - In the second half of the following class, students will present papers using that tool

Canvas

- <https://wustl.instructure.com>
 - Things available to download
 - Exercises & solutions
 - Lecture notes
 - Handouts that provide more details on what I expect for presentations & research proposal, including grading templates
 - Practice exam
 - Student presentations *[to help study for exam]*
-

Lecture Notes

- I will provide a copy of lecture notes on Canvas before the start of each class
- I strongly encourage printing these out and bringing them with you to class!

Last lecture on May 4

- No new material
- Will do paper presentations, and then likely have students present their research proposals for the remainder

Remaining Items

- 3 hours is long! We'll take 10-minute break
 - Read rest of syllabus for other details about the course including:
 - Class schedule or assigned papers are subject to change; I'll keep you posted of changes
 - Limitation of course; I won't have time to cover everything you should know, but it will be a good start
-

Questions

- If you have a question, ask! 😊
 - If you're confused, you're probably not alone
 - I don't mind being interrupted
 - If I'm going too fast, just let me know
 - I may not always have an immediate answer, but all questions will be answered eventually
 - **Any questions?**
-