**Data-based Projects**

Michael McCann

Nottingham Trent University

This is the link to the video podcast with captions:

<https://ntu.cloud.panopto.eu/Panopto/Pages/Viewer.aspx?id=0ab48ac5-7e11-4c98-8242-ac2900d405fd>

In this presentation, I describe my use of data-based projects as a type of assessment.

**Support Documents**

**References and Further Reading**

Biggs, J., 1996. Enhancing Teaching through Constructive Alignment, Higher Education, 32: 347-364.

Brown, G., Bull, J. and M. Pendlebury, 1997. Assessing Student Learning in Higher Education, London: Routledge.

McCann, M., 2019. Using Active Assessment to Stimulate Learning in Economics. Economics Network Case Study. <https://www.economicsnetwork.ac.uk/showcase/mccann_assessment>

**Example Assessment Tasks**

Year 2

Global Financial Markets

Tasks

1. Globalisation of Financial Markets
2. Source and present the correlation coefficient for daily returns over two years up to a day in February 2020 between your allocated index and four others (only one can be from the same continent). Repeat for a two-year period in the 1990s.
3. Analyse the different correlations you observe in the context of the economic factors driving globalisation.
4. Evaluate the economic benefits and costs of globalisation.
5. Debt Markets Dynamics
6. Source and present the sovereign yield curve for your allocated country for a day in April 2020 and the equivalent curve from 1-month before.
7. Provide explanations for the changes in the yields you observe for different maturity periods.
8. For the same day in April 2020, calculate the implied liquidity premiums illustrated by the yield curve?
9. Calculate market expectations of interest rates in the future from the shape of the yield curve on the day in April.
10. Analyse your findings for c) and d) using relevant theories of the yield curve.
11. Source and present the yield curve for a corporation from your exchange which has borrowed in the same currency as your allocated country’s government. Explain any differences you observe between the yield on the corporate borrower and your country’s government.
12. Portfolio Diversification
13. From your allocated index, construct an equal-weighted portfolio of 10 equity securities.
14. Identify the value of the raw market beta for each security.
15. Using the information from b), calculate the value of market beta for your portfolio. Using the beta value calculated, demonstrate how your portfolio would perform in different market conditions.
16. Calculate the required rate of return on your portfolio using the capital asset pricing model (CAPM). Explain how this is used to calculate the intrinsic value of a share.
17. If the actual return is above that required, illustrate and explain the process which produces equilibrium, holding everything else constant.
18. Using your portfolio, illustrate and explain TWO different actions which investors can take to reduce their exposure to market risk. Explain the circumstances when investors might do this.
19. ‘Beta represents a misconception of the risks associated with investment in financial securities’. Discuss.

Year 1

Introductory Finance for Economists

Tasks

1) Choose TWO UK insurance companies – a life assurance company and a general insurance company.

(i) Collect data on both of their asset structures for the financial year 2018.

ii) Compare and contrast the type and maturity of the assets they both held at the end of the year.

(iii) For one of the companies, analyse changes in the composition of their assets over the last 10 years.

2) Choose a UK Clearing Bank.

(i) Explain the role of a commercial bank’s cash reserves.

(ii) Collect and present data on its cash reserve ratio between 2000 and 2018.

(iii) (iv) Using economic theory, analyse changes in the cash reserve ratio across the time period.

(v) Illustrate and explain the impact of quantitative easing by central banks on the market for lending.

3) (i) Why are debt securities an attractive means of borrowing for firms?

(ii) Why are they attractive to certain investors?

(iii) Choose a week in January 2019. Identify the changes in yield of a UK government benchmark bond across the week.

(iv) Using relevant theory, illustrate and explain the market processes which produce the changes in yield observed.

4) (i) Why are equity securities attractive to investors?

Choose an FTSE100-listed company. Choose a market trading day in February 2019.

(ii) Trace changes in the share price of the company over the course of the day.

(iii) Identify a related news item and, using economic and financial theory, illustrate and explain its impact on the share price.

(iv) Explain how changes in the value of a company’s shares affects it’s the cost of borrowing.