

ASSOCIATE EXAMINATION PART I

SYLLABUS

Economics and Applied Statistical Analysis

This paper is concerned with the application of economic and statistical skills in a context relevant to investment analysis. Candidates will be expected to be fully conversant with current issues of topical interest in the UK and the global economy. They will also be expected to reveal technical competence in the use of statistical methods in both an economic and financial market context. There will be a compulsory question testing candidates' knowledge of probability, probability distributions (binomial, normal, t-distribution), confidence intervals and significance testing.

The paper will be a 3-hour paper and will be divided into two parts:

SECTION A: (50% of marks)

Statistical methods - Answer three questions from four, one of which is compulsory.

SECTION B: (50% of marks)

Economics - Answer three questions from four

A knowledge of the basic material and methods examined in Modules 7 and 8 of the Investment Management Certificate (IMC) examination will be assumed (see syllabus pages 17 & 18).

ADDITIONAL TOPICS TO BE EXAMINED WILL BE:

STATISTICAL METHODS

Macroeconomic modelling and forecasting	<i>Keating: Ch. 1-6, 8</i> <i>McNees</i>
Economic statistics	<i>Keating: Ch. 2,3</i>
Probability and probability distributions; binomial, normal, t-distribution	<i>CS: Ch. 6, 7, 8, 9</i>
Inference: confidence intervals and significance testing	<i>CS: Ch. 9, 10</i>
Correlation and regression: rank correlation	<i>CS: Ch. 13,14</i>
Multiple regression: multicollinearity, autocorrelation, heteroscedascity, prediction	<i>CS: Ch. 15</i>
Time-series: trend, seasonality and cyclical factors, exponential-weighted moving averages	<i>CS: Ch. 12</i>

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ECONOMICS

Success and failure for firms and industries

Porter

Kay: parts I, IV, V, VI

Cohen, Zinbarg and Zeikel (1)

Unemployment

BDF: Ch. 11, 12, 27

Money, monetary system and central banking

BDF: Ch. 23, 24, 28

Economic fluctuations and investment strategy

BDF: Ch. 29, 30, 31

Cohen, Zinbarg and Zeikel (2)

Global economic environment

OECD Economic Outlook

Bank of England Quarterly Bulletin

IMF World Economic Outlook

BDF: Ch. 34, 35

Readings

BDF Begg, Dornbusch, and Fischer, Economics, 4th edition, McGraw-Hill

CS: J Curwin and R Slater, Quantitative Methods for Business Decisions, 4th Edition, International Thomson Business Press.

J Kay, Foundations of Corporate Success, Oxford University Press, 1993

G Keating, The Production and Use of Economic Forecasts, Methuen, 1985

S McNees, How Accurate are Economic Forecasts? CFA Readings.

M Porter, Competitive Strategy: The Core Concepts, CFA Readings.

Cohen, Zinbarg and Zeikel (1): Industry Analysis, CFA Readings.

Cohen, Zinbarg and Zeikel (2): Business Cycles and Investment Strategy, CFA Readings.

IMF: Bank of England; OECD (various)

} Obtainable
from IIMR
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