

Overview

Economics provides the basic theoretical framework for analysis of commercial activity. It also provides a framework for the analysis of interest rates and foreign exchange markets. Combined with a basis statistical analysis, its application to a treasury environment provides an understanding of economic history, current economic trends and a basis for forecasting economic trends.

Chapter 1 – Statement of the economic problem

Chapter one provides you with a general awareness and understanding of the main concepts relevant to economics and market efficiency.

Chapter 2 – Elementary theory of demand & supply, price equilibrium, monopoly & oligopoly

Chapter two introduces the theories of demand and supply and the interaction of demand and supply in the market place. Demand and supply are then further explored through discussion of measures of elasticity. Firm behaviour is then analysed in terms of profit maximisation. Finally, the different types of market form are discussed.

Chapter 3 – Macroeconomics

Chapter three provides an introduction to macroeconomics and in particular the circular flow of income model, which is central to macroeconomic theory.

Chapter 4 – Monetarism versus keynesiansm

Chapter four provides a general awareness and understanding of the main concepts involved in monetarist and Keynesian economic theory.

Chapter 5 – Interaction between Government, business and corporate treasury environment

Chapter five introduces you to the major financial markets. The role of central banks is examined, as well as the role they play in the money markets. The different measures of inflation are discussed. Unemployment is defined and the measures of unemployment are identified. The transmission mechanism and the role of monetary policy is also discussed.

Chapter 6 – Business statistics

Chapter six provides a general awareness and understanding of the collection and presentation of numerical information, including frequency distributions.

Chapter 7 – Probability theory

Chapter seven provides a general awareness and understanding of probability distributions and decision making through hypothesis testing.

Chapter 8 – Statistical inference and econometric modelling

The final chapter provides a basic awareness and understanding of several statistical modelling techniques combined with how to make statistical observations from the results.

Chapter 1 – Statement of the economic problem

1.1 The scope of economics

What is economics?
Economics as a social science

1.2 Scarcity – the economic problem

Choice and opportunity costs

Consumer choice

Production possibility curves
Efficiency
The law of diminishing returns

1.3 Economics systems

Economic systems
The fully planned (or command) economy
The free market economy
The trend towards the mixed economic system

Chapter 2 – Elementary theory of demand & supply, price equilibrium, monopoly and oligopoly

2.1 The theory of demand

Demand
Factors influencing demand
The price of other goods
Consumer incomes
Tastes
Market demand

2.2 The theory of supply

Supply
Factors influencing supply
Technology
Input costs
Government regulation
Other

2.3 The market mechanism

2.4 Demand elasticities

Price elasticity of demand
Relationship between price elasticity of demand and total revenue
Cross price elasticity of demand
Income elasticity of demand

2.5 Supply elasticity

2.6 Profit maximisation

Costs and production

Revenue

Marginal cost and marginal revenue

2.7 Market forms

Perfect competition

Monopoly

Monopolistic competition

Oligopoly

Chapter 3 – Macroeconomics

3.1 The difference between macro and microeconomics

3.2 The circular flow of income

Introduction to the circular flow of income

National income accounting

Investment and saving

Imports and exports

The government sector

Balance of trade, the budget, private sector surpluses and their relationships

3.3 Aggregate demand

The consumption function

The multiplier effect

Drawbacks of injections

Chapter 4 – Monetarism versus Keynesianism

4.1 Introduction to macroeconomics monetarist theory and Keynesian theory

Macroeconomics

Monetarism

Keynesianism

4.2 The impact of monetary policy

The monetarist viewpoint

The Keynesian viewpoint

The quantity theory of money

Liquidity preference – do people want money and if so why?

Examples of monetary policy

4.3 The impact of fiscal policy

The monetarist viewpoint

The Keynesian viewpoint

Examples of fiscal policy

4.4 The impact of supply side policy

The monetarist viewpoint

The Keynesian viewpoint

Examples of supply side policy

4.5 Macroeconomics

Unemployment
Inflation
Economic growth

4.6 Government policy through time

The history
The last 10 years

Chapter 5 – Interaction between government, business and corporate treasury environment

5.1 Financial markets

Efficiency in financial markets
The globalisation of business and financial markets
The financial markets
The equity market
The fixed income market
Corporate treasurers and the markets
Stock market indices
International equity indices

5.2 Central banks

The Bank of England and the money markets
The European Central Bank (ECB)

5.3 Inflation

Consumer Prices Index (CPI)
Retail Prices Index (RPI)
Harmonised Index of Consumer Prices (HICP)
Producer Price Index (PPI)
Corporate Services Price Index (CSPI)

5.4 Measuring unemployment

5.5 Major central bank announcements

5.6 Interest rates and exchange rates

5.7 The transmission mechanism

Chapter 6 – Business statistics

6.1 Introduction

6.2 Sources

Government and business sources
Uses
Limitations

Data collection

6.3 Accuracy

Approximation
Error

6.4 Data presentation

Tabular presentation

6.5 Index numbers

Simple index computations
Changing the base
Composite indices

6.6 Weighted indices

Laspeyres and Paasche indices
Business indices

6.7 Graphs and charts

Pictograms
Bar charts
Histograms
Pie charts
Time series graphs

6.8 Sampling and significances testing

Sampling
Significance testing

6.9 Frequency distributions

Presentations
Cumulative frequency distributions

6.10 Computational techniques

Measures of position

6.11 Frequency distribution computations

Ungroup frequency distribution
Grouped frequency distribution
Relationships between measures

6.12 Measures of dispersion

The range
The quartile deviation
The mean deviation
The variation and standard deviation

6.13 Measure of skew

Chapter 7 – Planning, budgeting and control

7.1 Introduction

7.2 Purpose of budgets

Probability distribution

7.3 Conditional probability and independence

Conditional probability
Independent events

7.4 Binomial distribution

Algebraic form
Characteristics

7.5 Poisson distribution

Algebraic form
Characteristics
Approximation to the binomial distribution

7.6 Normal distribution

Characteristics
Standard normal distribution
Properties of the standard normal distribution
Approximation to the binomial distribution
Approximation to the Poisson distribution

7.7 Estimation

Central limit theorem
Confidence intervals

7.8 Statistical decision making – hypothesis testing

Significance levels
One-tail or two-tail tests
Procedures for testing hypothesis about a mean with known variance
Procedures for comparing two means with known variances
Procedures for testing a single population proportion

Chapter 8 – Statistical inference and econometric modelling

8.1 Overview

8.2 Modelling methods

Requirements of a model

8.3 Linear regression

The regression equation
Understanding the regression equation
Forecasting using the regression equation
Limitations of regression

8.4 Correlation

Correlation and regression links

8.5 Moving averages

Method
Difficulties

8.6 Exponential smoothing

8.7 Time Series

Time series for forecasting