

MBA Programme



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INSTITUT TEKNOLOGI BANDUNG

MM6023 Capital Market Analysis

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**MASTER OF BUSINESS ADMINISTRATION
SCHOOL OF BUSINESS AND MANAGEMENT
INSTITUT TEKNOLOGI BANDUNG
<http://www.sbm.itb.ac.id/mba>**

Contents

1. <u>Vision and Mission of MBA-ITB</u>	Error! Bookmark not defined.
2. <u>Learning Goals of MBA-ITB</u>	Error! Bookmark not defined.
3. <u>Learning Goals of This Course</u>	Error! Bookmark not defined.
4. <u>Learning Outcomes of This Course</u>	Error! Bookmark not defined.
5. <u>The Course Structure</u>	Error! Bookmark not defined.
6. <u>The Course Plan</u>	Error! Bookmark not defined.
7. <u>Lecturer Profile</u>	Error! Bookmark not defined.
8. <u>Grading</u>	Error! Bookmark not defined.
9. <u>Students Guidance</u>	Error! Bookmark not defined.
10. <u>References</u>	Error! Bookmark not defined.

1. Vision and Mission of MBA-ITB

Vision:

“To be A World Class Program of Master and Business Administration that Creates Ethical and Entrepreneurial Leaders”

Mission:

- To educate and develop future leaders in business
- To develop sustainable education program for building human resource capacity needed for enhancing industry competitiveness in Indonesia

2. Learning Goals of MBA-ITB

In General, The MBA-ITB’s learning goal is to develop students to have the following characteristics:

- A Strong competence in business and technology-based management as well as decisionmaking capabilities as demonstrated by business leaders in the world.
- An ethical leadership and professional mindset
- An entrepreneurial spirit both as professionals and as entrepreneurs.
- Ability to make decisions based on human values in a systemic and integrated manner so as to meet the needs of the community.

There are three programs at MBA ITB Bandung campus with specific learning goals as follows:

A. Young Professional

The learning goal of this program is to build business sensitivity and business administration knowledge and skills required to start career at managerial level.

B. Creative and Cultural Entrepreneurship (CCE)

The learning goal of this program is to teach students about doing business in creative and culture sectors and how to manage their new business in these areas.

C. Young Executive

The learning goal of this program to improve students’ agility in decisionmaking and to develop a holistic view of business which enable them to lead a business project on a higher level effectively in today’s business environment.

3. Learning Goals of This Course

Capital market Course provides a balance in-depth discussion about fundamental theory and developing skill and attitude towards best practices in of capital market. This course is for Young Executive students. It aims at teaching and developing the following competences:

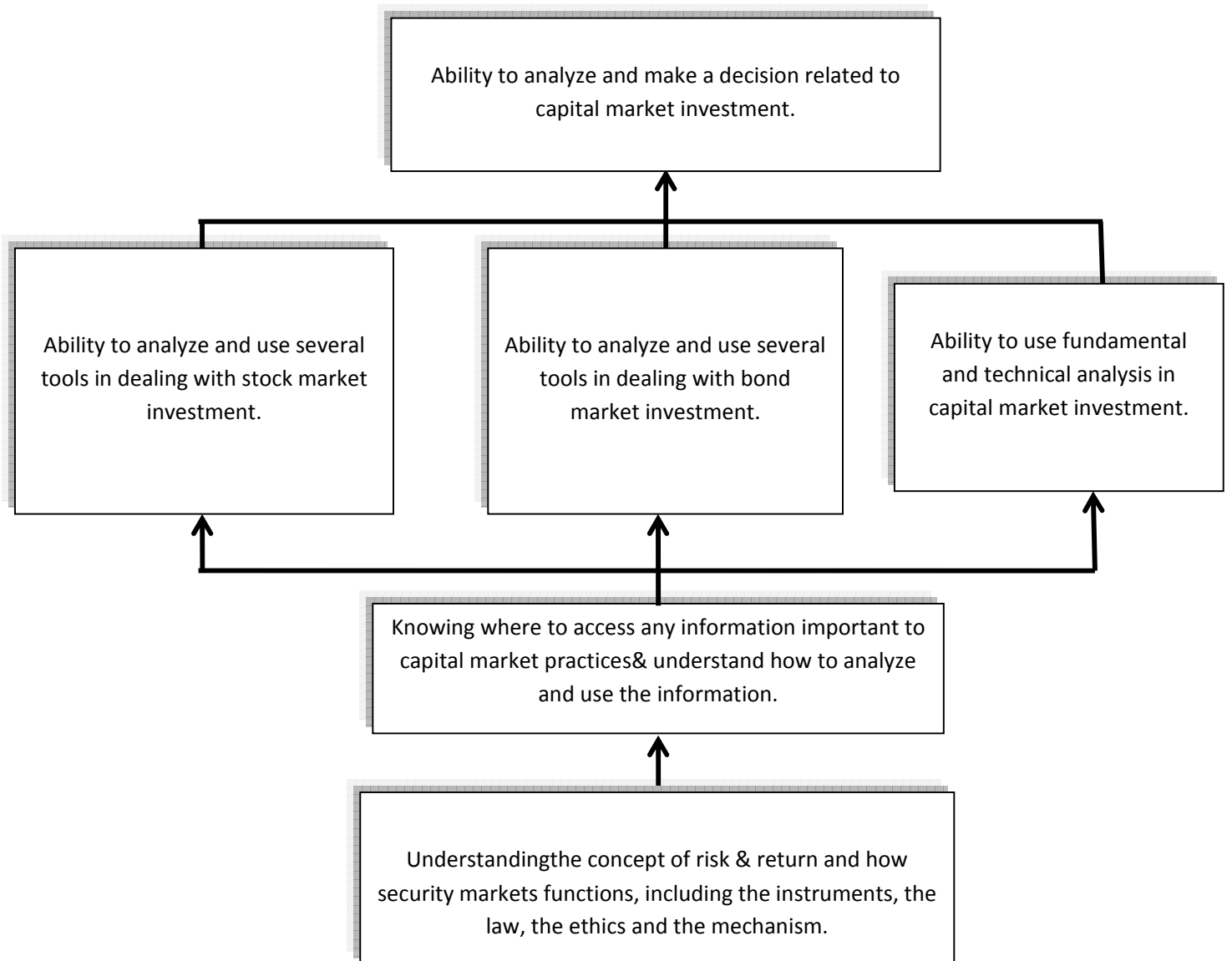
- Understanding how security markets functions including the instruments, the law, the ethics and the mechanism.
- Knowing where to access any information important to capital market practices.
- Understanding how to analyze and use the information.
- Having skills for applying common tools used in developing and evaluating portfolio.

4. Learning Outcomes of This Course

Capital market course provides an in-depth discussion of fundamental principles and practical aspects related to equity securities such as stocks, bond, mutual funds, indexes, and derivatives. This course is not only exposed the students to some important theories on capital markets but also to give first hand experiences in investing in Indonesia's capital market. The main objectives will focus on developing students' skills, knowledge and attitude toward capital market practices.

This course is aiming to give a first had experience in investing world for students. Thus, students are **mandatory to have a real investment account opened**. You are free to open any brokerage companies. However, SBM ITB has been make a tremendous effort to brings the real world 'capital market' environment on students door step to be the part of excellent learning process through the development of **Kresna-SBM ITB Financial Trading Center**. You can open your investment account through this facility with several benefits: significantly low initial fund and very competitive buying and selling charge. In addition there will be a certified broker that can give you expert insight and suggestions in investing world.

5. The Course Structure



6. The Course Plan

The following table is the Capital Market Course Plan. It consist of 10 weeks courses with three sessions in each week course. The Mid Test will be conducted on Week 6 and the Final Test will be conducted on week 12.

Date	Outcome(s)	Activity(ies)	Preparation	Evaluation	Facilitator
Week 1	Understand the concept of investing in capital market.	Session 1 Syllabus, Class Management	<ul style="list-style-type: none"> Read Syllabus Read any newspaper that has capital market info BZ Ch. 1 BZ Ch. 2 	-	BAS Kresna SBM ITB FTC Team
		Session 2 Introduction to Capital Market			
		Session 3 Open trading account			
Week 2	Have the skills of trading using KrenDirect. Understand the concept of risk and return.	Session 1 Introduction to Indonesia Capital Market	<ul style="list-style-type: none"> Brings your notebook, have your KrenDirect Installed KREN BZ Ch. 3 BZ Ch. 5 BZ Ch. 6 	Quiz Group Assignment (submitted the day before)	GL (Kresna Securities) BAS
		Session 2 Using KrenDirect, the official trading platform.			
		Session 3 Risk and Return			
Week 3	Have the skills of fundamental and technical analysis. Understand the concept of Efficient Market Hypothesis.	Session 1 Fundamental & Technical Analysis	<ul style="list-style-type: none"> BZ Ch. 12 BZ Ch. 18 BZ Ch. 19 BZ Ch. 11 	Group Presentation	GL (Kresna Securities) BAS
		Session 2 Charts construction & Pattern in stocks movements (Trends, Support and Resistance, Major Reversal, etc.)			
		Session 3 The Efficient Market Hypothesis			
Week 4	Understand the concept of No Arbitrage Argument, Random Walk Hypothesis, and CAPM.	Session 1 No Arbitrage Argument	<ul style="list-style-type: none"> BZ Ch. 9 BZ Ch. 10 	Quiz Group Assignment (submitted the day before)	BAS
		Session 2 Random Walk Hypothesis			
		Session 3 CAPM			
Week 5	Understand the portfolio concept. Have the skills to analyze stock portfolio using Ms. Excel.	Session 1 Portfolio Theory	<ul style="list-style-type: none"> BZ Ch. 7 BZ Ch. 8 BZ Ch. 24 Brings your notebook with MS. Excel installed (add-in solver) 	Group Presentation	BAS
		Session 2 Portfolio Performance Evaluation			
		Session 3 MS. Excel and Solver in Analyzing Risky Assets			
Mid Test		Mid Test			

Date	Outcome(s)	Activity(ies)	Preparation	Evaluation	Facilitator
Week 6	Understand the concept of mutual fund, hedge fund, and ETF.	Session 1 Mutual Fund	<ul style="list-style-type: none"> IAC 1 IAC 2 BZ Ch. 4 BZ Ch. 26 	-	GL (Kresna Securities)
		Session 2 Hedge Fund			
		Session 3 Exchange-Traded Fund			
Week 7	Understand the concept of bond market and how to manage bond portfolio.	Session 1 Bond Prices & Yields	<ul style="list-style-type: none"> BZ Ch. 14 BZ Ch. 15 	Quiz Group Assignment (submitted the day before)	BAS
		Session 2 The Term Structure of Interest Rate			
		Session 3 Managing Bond Portfolios			
Week 8	Have the skills to analyze bond portfolio using Ms. Excel. Understand the concept of derivatives.	Session 1 MS. Excel and Solver in Analyzing Risky and Risk-Free Assets	<ul style="list-style-type: none"> HJC Ch. 1 BZ Ch. 20 Brings your notebook with MS. Excel installed (add-in solver) 	Group Presentation	BAS
		Session 2 Introduction to Derivatives			
		Session 3 Forward, Futures, and Options			
Week 9	Understand how to value an option, futures, and using derivatives as hedging tools.	Session 1 Option Valuation	<ul style="list-style-type: none"> BZ Ch. 21 BZ Ch. 22 BZ Ch. 23 JP 	Quiz Group Assignment (submitted the day before)	BAS
		Session 2 Futures Market			
		Session 3 Hedging Financial Derivatives			
Week 10	Have the skills to develop a stock and bond market portfolio.	Session 1 Group Assignment Final Presentation I	<ul style="list-style-type: none"> Prepare the Final Report of Group Assignment Prepare the Final Presentation of Group Assignment 	Group Presentation	BAS
		Session 2 Group Assignment Final Presentation II			
		Session 3 Final Review & Course Closure			
Final Test		Final Test			

Note:

- Assignments are designed to strengthen students understanding through guided exercises.
- Mid Term Exam will cover the first half of the semester.
- Final Exam will cover the second half of the semester.
- Individual students will have his/her own investment account.

7. Lecturer Profile



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About me:

Budhi is permanent member of the School of Business and Management at Bandung Institute of Technology (SBM-ITB). Prior to joining SBM-ITB in January 2010, Budhi had worked for nearly three years at Bank of America Corp (BofA) at its Asia-Pacific Regional Head Office in Singapore. He belonged to the Global Quantitative Risk Management Group. His job role at BofA was as a Quantitative Finance Analyst (Quant) and was mainly responsible on financial engineering and risk management issues. He reported directly to the Head of the Group at the BofA HQ in Charlotte, North Carolina, USA. He joined the bank soon after he completed his PhD degree in Mathematical Finance at the Universiteit Utrecht in the Netherlands in January 2007. He was later given a promotion to a senior level position at the Charlotte HQ office, but he eventually decided to return back home.

Budhi gained MSc degrees in Systems Control and Financial Engineering from the Universiteit Twente, the Netherlands. He wrote his PhD thesis under the supervisions of Prof. A. E. Kyprianou and Prof. R. D. Gill. His research interest mainly lies on the applications of Applied Probability and Stochastic Processes in Finance. During his work in Utrecht and at BofA he was active in doing research. He published his research findings at peer-reviewed journals and presented the results at international conferences in Colorado, Manchester, Edinburgh, Lisbon, Amsterdam, Eindhoven, Utrecht, Enschede, Hanoi, Kuala Lumpur, Perth, Wollongong, London and Frankfurt. He was DAAD short-term visiting scholar during the period 1 October – 30 November 2013 at Goethe University of Frankfurt in Germany conducting joint research program at the Frankfurt MathFinance Institute. During this period, he gave a talk at the House of Finance of the same university and at the Risk and Stochastics Group of London School of Economics.

At SBM-ITB Budhi belongs to the Sub-interest Group Business Risk and Finance and is currently acting as the Group Head. As part of community service, I currently serve the Center for Risk Management Studies Indonesia as one of its Academic Advisory Board. This is a non-profit oriented organization and is aimed to facilitate the acceleration of risk management practices in Indonesia through knowledge advancement and sharing initiatives.

8. Grading

Item	Weight
Mid Test	20%
Final Test	20%
Group Assignment and Presentation	30%
Individual Assignment	20%
Quiz & Participation	10%
TOTAL	100%

9. Students Guidance

In this course, we will combine different teaching method, which are:

- Class lecturing.
- Guest lecturing by practitioners.
- Hands-on experience and in real investing.
- Assignments.

Several things related with class preparation:

- Readings assigned for a scheduled class period should be carefully read and studied prior to class.
- Reading assigned material before it is discussed in class will help you effectively participate in class/group discussion.
- Reviewing the material one more time after discussion helps retention and makes studying for exams easier.
- Updating information from recent market information gives the sense the direction where market will go.
- Taking seriously the portfolio you build! It will have direct impacts not only on monies you invested but also part of your grade.
- Take advantage the newest facilities in SBM: Kresna - SBM ITB Financial Trading Center, i.e the brokers and the activities that will be scheduled by the center.

Attending a college class demands the same degree of discipline and professional behavior expected in the professional work world. Through class participation, peers are able to learn from each other and thus expand their knowledge base and exposure to various points of view. This type of learning is considered primary to the adult learning experience.

With this in mind, sharing your views and knowledge, asking questions, and being respectful of differing views is expected.

10 behaviors that will help you to be successful in this class include:

- Attending class regularly
- Active listening and learning
- Reading the syllabus and assigned readings before each class session
- Participating in class discussions
- Treating all in the class with respect
- Participating in class/group activities with enthusiasm
- Doing only class activities during class
- Avoiding side conversations
- Completing assignments on time
- Keeping your cell phone and/or pager on silent mode during class

Important Notes:

- All course participants are expected to have read the relevant textbook chapters, articles and cases before commencement of class.
- Plagiarism on assignments will not be tolerated. Students caught plagiarizing will be disciplined according to the SBM and ITB code-of conduct.

10. References

Main text book:

1. (BZ) Bodie, Z., Investments, McGraw-Hill/Irwin, 2009
2. (HJC) Hull, J. C., Options, Futures, and Other Derivatives, Prentice Hall, 2011
3. (JP) Jorion, Philippe., Financial Risk Manager Handbook, Wiley Finance, 2009

Supporting text:

4. (KREN) User guide KRENDirect Lite, Kresna Securities, 2010
5. (ICI 1) Investment Company Institute, A Guide to Understanding Mutual Fund
6. (ICI 2) Investment Company Institute, A Guide to Exchange Trade Fund
7. (UU) Undang-Undang R.I. No. 8 Tahun 1995 Tentang Pasar Modal Dan Seluruh Peraturan Pelaksanaannya
8. (PB) Peraturan Bursa Efek, KPEI & KSEI dan Peraturan Perpajakan sehubungan dengan transaksi efek di Pasar Modal.
9. (KE) Kode Etik Asosiasi Wakil Perantara-Pedagang Efek Indonesia