Individual Research Assignment

Dates
DL for submission is by 19 Feb (end of day)

Submission format
Word, Pages, or PDF, c.5000 words maximum in total
For References, use APA or Harvard style
Include all sources used: websites, articles, AI prompts (if used)

Learning Objectives
By completing this assignment, students will:
• Understand the role and structure of the financial system (Chapter 2).
• Analyze how interest rates are determined and how they affect financial markets (Chapter 3).
• Apply theoretical knowledge to real-world financial scenarios.
• Develop critical thinking, research, and analytical writing skills.

Resources to be covered:
1. Mishkin, F. S., and Eakins, S. G.(2023), Financial Markets and Institutions, 10th Edition, Pearson
2. Chapter 2 (Overview of the Financial System) and Chapter 3 (Interest Rates)

Instructions for completion
Individual assignments require students to work independently to complete tasks that include analysis, data, estimation, diagrams, spreadsheets, and presentations. Individual assignments should be submitted via Moodle by the announced deadline. Random students will present individual assignments.

Assignment tasks (to complete both parts)

Part 1 – Case-Based Question (Research & Application)

- **Mandatory: use of graphs, tables, and real-world data.**
- **Mandatory: use at least 2 credible and recent academic references beyond the textbook.**
- **Strong emphasis for assessment is: critical thinking + research evidence**

Answer in 300-500 words each.

1. Explain the main functions of financial markets and why they are essential for economic growth.
2. Compare *direct vs. indirect finance*. Provide an example of each.
3. Analyze the role of the *Armenian financial system* in channeling funds between savers and borrowers. Provide at least two examples from real life.
4. Discuss the importance of banks, financial markets, and central banks. Provide at least two examples from real life.

Part 2 – Applied Analysis (Problem Solving)

Solve the following problems:

1. A 5-year, $1,000 bond with an annual 6% coupon rate is in the market.
• If the market interest rate rises to 8%, calculate the bond's price.
• Explain what this means for investors.

2. Suppose the demand for bonds increases while the supply remains constant. What happens to bond prices and interest rates? Illustrate with a supply–demand graph.

3. Calculate the yield to maturity on the bond that has a price of $2,000 and pays a $70 dividend for the life of the bond. What will happen if the dividend is $50 instead of $70? Illustrate with a graph the change in the dividend payment.

4. Consider two scenarios. In the first, the nominal interest rate is 6 percent, and the expected rate of inflation is 4 percent. In the second, the nominal interest rate is 5 percent, and the expected rate of inflation is 2 percent. In which scenario would you rather be a lender and why? In which would you rather be a borrower and why?

Assignment rubric (15% of overall grade)

Assignment Name	Advanced (87-100%) (B+ to A+) (3.3 - 4)	Proficient (73-86.9%) (C to B) (2-3)	Developing (60-92.99%) (D- to C-) (0.7-1.7)	Not Yet Competent (0-59.9%; F; 0)
Individual Research Assignment (chapters 2&3 from the textbook)	- Accurately explains the functions of the financial systems, direct vs. indirect finance, and interest-rate theories. - Demonstrates strong critical commentary - Provides high-quality recent and credible sources beyond the textbook, correctly cited. - All calculations are correct, with accurate demand–supply graphs; clear interpretation linking price–yield dynamics to theory. -Theory is integrated with real-world context and examples.	- Solid coverage of key ideas with minor gaps - Sources are mostly relevant; citations mostly correct. - Good analysis with some data. - Links to theory are evident, but the depth of analysis could improve. - Minor errors; reasoning mostly correct; graph present and interpretable.	- Submission is descriptive with limited analysis; - Important gaps or inaccuracies; - Few and weak sources and inconsistent citation. - Multiple calculation and logic errors; weak or incorrect graph; limited explanations. - Weak linkage to theory; limited or low-quality evidence.	Missing or entirely incorrect information, off-topic, or no usable content. Missing the submission.
Relevant SLOs				
Students will be able to: Appropriately collect and select data, apply analytic techniques, and develop well-reasoned conclusions.	*Course-Specific Learning Outcome:* Understand major types of financial intermediation	*Program Specific Learning Outcomes:* Develop creative and critical thinking and decision-making skills for complex business problems, supported by the appropriate use of analytical and quantitative techniques.		