

## **ECON 3580    Emerging Financial Markets of China, Spring 2024**

### **Date and Time:**

**2:30 p.m. - 5:15 p.m. (Thursday)**

Jan, 11, 18, 25, Feb 1, 8, 22, 29; March 14, 21, 28, April, 11, 18

**Venue:** Esther Lee Building, 405

**Teacher:** Prof. CHONG Tai Leung 莊太量, MH

**Teaching Assistant:** tbc

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**Personal Website:** <http://www.cuhk.edu.hk/eco/staff/tlchong/tlchong3.htm>

**Weibo:** <http://www.weibo.com/chongtl>

**Wechat ID:** ttlchong

**My Newspaper Column** 太量微觀

<https://www.stheadline.com/columnists/author/1443/%E5%A4%AA%E9%87%8F%E5%BE%A%E8%A7%80>

**My You Tube Channel** 經濟人生 Prof Terence Chong, The Economist

**YouTube Channel QR Code:**



### **Objective**

The course is an overview of China's evolving financial system in the reform era. To unravel the inner logic of the Chinese financial system, the course examines the various components of the financial sector, e.g., the banking sector, the foreign exchange market, the money market and the equity market. In addition, the challenges confronting China's financial sector in the new millennium are explored. Among the special topics discussed are China's accession to the WTO, the liberalization of interest rates, capital account liberalization, the choice of exchange rate arrangement for renminbi as well as measures to resolve the risks of the financial sector. Students are advised to take ECON2011 and 2021 before taking this course.

After completing this course, students should be able to:

1. Have a basic understanding of the background of the historical developments of the Chinese Financial Market, and its importance in supporting government policies
2. Understand the relationship between the Chinese Financial Market and its importance in turning China into a market economy.
3. Understand how China's monetary policy differs from that of the developed world
4. Appreciate the current challenges of the Chinese Financial Market

### **Textbook**

No textbook is required; teaching is based on lectures notes and PPT provided by the teacher.

### **Reference materials (No need to Buy)**

-*The Economics of Money, Banking, and Financial Markets*, 13th Edition, by Frederic S. Mishkin

-*Macroeconomics*, 11th edition. by N.G Mankiw, Worth Publishers; 2022.

-*Macroeconomics*, 8th edition, by Olivier Blanchard, Pearson 2021.

-人生炼金术, 庄太量著, 新华出版社, 2017 年 7 月

### **Course Schedule**

<b>Week</b>	<b>Date</b>	<b>Content/ topic/ activity</b>
1	Jan 11	The Current State of the Global Economy
2	Jan 18	The Chinese Economic Reform over the Past 40 Years
3	Jan 25	The Financial Markets of China
4	Feb 1	ESG of China
5	Feb 8	International Trade and Trade Wars
6	Feb 22	Mid-Term Exam
7	Feb 29	The E-payment and E-Commerce of China
8	March 14	The Belt and Road Initiative
9	March 21	The Greater Bay Area
10	March 28	The ASEAN Economy and China
11	April 11	Islamic Finance
12	April 18	Student presentation of group project

**Grading:** Class performance (10%), Homework (15%), Group Project (25%), midterm exam (20%) and a final exam (30%).

**Group Project:** The group consists of no more than 3 students. It is a 10-minute presentation **on an topic related to the Chinese economy, plus two short articles in Chinese or English, between 1500 to 2500 words, on two assigned topics.** The group members need to present the topic using the PPT in English.

**Office hours and comments about the course:** Feel free to make appointment with me if you have any questions about the course. You are also welcome to send me comments and suggestions about the course via email at [chong2064@cuhk.edu.hk](mailto:chong2064@cuhk.edu.hk). My mainland phone is 15217948162, you can also reach me via wechat at ttlchong or weibo at <http://www.weibo.com/chongtl>.

**My selected publications for your references:**

[1] "Is Hong Kong Still an Entrepot?" (with Vincent Pok Ho Lo), Pacific Economic Review, forthcoming.

[2] "Understanding the digital economy in China: Characteristics, challenges, and prospects" (with Sizhu Wang and Ce Zhang), Economic and Political Studies, 11(4), 2023, pp. 419-440.

[3] "Economic Implications of the Sixth Plenary Session of the 19th CPC Central Committee for China's Hong Kong" (with Patrick Ngai and Cornelia Yip), Economic and Political Studies, 10(1), 2022, pp. 9-18.

[4] "Market Reaction to iPhone Rumors" (with Zhang Wu and Yuchen Liu, Algorithmic Finance, 9(1-2), 2021, pp. 1-23.

[5] "Will Stock Rise on Valentine's Day?" (with Siqi Hou), Review of Behavioral Finance, 14(5), 2021, pp. 646-667.

[6] "Impact of COVID-19 on ASEAN" (with Xiaoyang Li and Cornelia Yip), Economic and Political Studies, 9(2), 2021, pp. 166-185.

- [7] "Factor Pricing of Cryptocurrencies" (with Qiyu Wang and Xin Wu), *North American Journal of Economics and Finance*, 57, July 2021, article 101348.
- [8] "Does the Macroeconomy Matter to Market Volatility? Evidence from US Industries" (with Zhang Wu), *Empirical Economics*, 61, April 2021, pp. 2931–2962.
- [9] "Threshold Effect of Scale and Skill in Active Mutual Fund Management" (with Nayoung and Chan-Ip Sio), *North American Journal of Economics and Finance*, 51 January 2020.
- [10] "The Effects of Trading Suspensions in China" (with Qing He, Jingyun Gan and Shuwan Wang), *North American Journal of Economics and Finance*, 50, November 2019.
- [11] "Regional Differences in Self-Employment in China" (with Bei Luo), *Small Business Economics*, 53(3), October 2019, pp 813–837.
- [12] "Monetary Policy Regimes and Growth Revisited: Evidence from A De Facto Classification" (with Kin Ming Wong), *Oxford Economic Papers*, 71(4), October 2019, pp. 908–929.
- [13] "The Nexus between Visitor Arrivals and Residential Property Rents in Hong Kong" (with Alex Wing-Ho Yiu), *Pacific Economic Review*, 24(3), August 2019, pp. 464-478.
- [14] "Price Rigidity in China: Empirical Results at Home and Abroad" (with Zhang Wu), *China Economic Review*, 55, June 2019, pp. 218-235.
- [15] "Understanding the China–US Trade War: Causes, Economic Impact, and the Worst-case Scenario" (with Xiaoyang Li), *Economic and Political Studies*, 7(2), May, 2019, pp. 185-202.
- [16] "Forecasting Currency Crises with Threshold Models" (with Isabel Yan), *International Economics*, 156, December 2018, pp. 156-174.
- [17] "Co-integrated or not? After the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connection Schemes" (with Qiyu Wang), *Economics Letters*, 163, February 2018, pp. 167-171.
- [18] "What Explains Herd Behavior in the Chinese Stock Market?" (with X. Liu and C. Zhu), *Journal of Behavioral Finance*, 18(4), 2017, pp. 448-456.

- [19] "The Stock-Bond Comovements and Cross-Market Trading" (with Huanhuan Zheng, Mengling Li and Yang Zhang), *Journal of Economic Dynamics and Control*, 73, December 2016, pp. 417-438.
- [20] "A Principal Component Approach to Measuring Investor Sentiment in China" (with Yingni She and Haiqiang Chen), *Quantitative Finance*, 14(4), 2014, pp. 573-579.
- [21] "Nonlinear Dependence between Stock and Real Estate Markets in China" (with Jack Ding and S.Y. Park), *Economics Letters*, 124(3), September 2014, pp. 526-529.
- [22] "Does Banking Competition Alleviate or Worsen Credit Constraints Faced by Small and Medium Enterprises? Evidence from China" (with Steven Ongena and Liping Lu), *Journal of Banking and Finance*, 37(9), September 2013, pp. 3412-3424.
- [23] "Long-Range Dependence in the International Diamond Market," (with Michael Lu and Wing H. Chan) *Economics Letters*, 116(3), September 2012, pp. 401-403.
- [24] "Are Chinese Stock Market Cycles Duration Independent?" (with Zimu Li and Haiqiang Chen), *Financial Review*, 46, 2011, pp. 149-162.
- [25] "A Competing Risks Analysis of Corporate Survival" (with Qing He, Li Li and Jun Zhang), *Financial Management*, Winter 2010, pp. 1697-1718.
- [26] "A Principal-Factor Approach to Measuring Investor Sentiment" (with Xin Duan and Haiqiang Chen), *Quantitative Finance*, 10(4), April, 2010, pp. 339-347. (Lead article)
- [27] "Determining the Contribution to Price Discovery for Chinese Cross-listed Stocks" (with Qian Su), *Pacific-Basin Finance Journal*, 15, April 2007, pp. 140-153.