

FIN579
Asian Capital Markets
Winter Quarter 2024
Thursdays 6:00 – 9:30 pm
Yang Song
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Goals

This 2-credit course is a survey of the capital markets and financial systems in Asia, with a particular focus on China, the fastest-growing economy over the past several decades. Topics include the financial markets (e.g., equities, bonds, foreign exchange, asset management), the banking industry, monetary policy structure, the real estate market, and political economy. The goal is an integrated view of how capital, risk, and liquidity are intermediated within China and cross-border. Coverage will be through lectures as well as a wide range of subject-matter-expert speakers.

Learning and Grading

The course will combine lectures and guest speakers. Lectures will provide an overview of the capital markets in China. Guest speakers will give us up-to-date insights into conditions and developments. Your grade in this course will be based on the following:

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| • Class participation | 35% |
| • A course-related no more than 12-page paper (group) | 65% |

Each study group, consisting of up to three students, will prepare a write-up on a topic related to Asian capital markets. I will provide several topic ideas at the beginning of the quarter, some of which will be covered by our guest speakers. While a topic write-up should provide an overview over a given subject, it must go beyond a summary of facts and include an (*economic*) argument why or how something of relevance to investors has happened, is happening or will happen. All topic-write ups are due by midnight of Friday, March 8. The grade will depend on the *quality* of the analysis and the *effectiveness* with which you present your argument. Participation in class is important in this class. You should try to participate in each session.

Accommodations

I and the University of Washington are committed to ensuring that students with a documented disability have equal opportunity to participate in the educational opportunities of this class. To request academic accommodations due to disability, please contact the Disability Resources for Students Office (DRS), 448 Schmitz, 206-543-8924. If you have a letter from DRS please present the letter to me so that we can discuss the accommodations that you would need help you get the most from this class.

It is the policy of the University of Washington to reasonably accommodate students' religious observances in accordance with RCW 28B.10.039 regarding religious accommodation for higher education students as amended by SB 5166, effective July 28, 2019. Any student seeking reasonable

accommodations must provide written notice to the Office of the University Registrar of the specific dates of absence due to religious accommodation, within the first two weeks of the beginning of the course. Students who have requested and been denied a religious accommodation and wish to file a complaint should contact the University Complaint Investigation and Resolution Office (UCIRO). UCIRO is responsible for investigating complaints that a University employee has violated the University's nondiscrimination and/or non-retaliation policies, including a failure to accommodate a student under this policy.

Course Schedule

The class will meet on five Thursday evenings between 6 and approximately 9:30 pm.

Meeting 1 – Thursday, Jan. 4, 2024

- Topic: **An Overview of China’s Financial System: Special Features and Challenges.**
- Topic: **Chinese Political Economy and the US-China Relationship**, with *David Bachman*, Henry M. Jackson Professor of International Studies, University of Washington.

Reading: Petry, J. (2021), “U.S. Investment in China’s Capital Markets and Military-Industrial Complex.” Expert Testimony before the U.S.-China Economic and Security Review Commission.

Petry, J. (2020) ‘Financialization with Chinese characteristics? Exchanges, control and capital markets in authoritarian capitalism’, *Economy & Society*, 49(2): 213-238

Petry, J. (2021) ‘Same same, but different: Varieties of capital markets, Chinese state capitalism and the global financial order’, *Competition & Change*, 25 (5): 605-630

Meeting 2 – Thursday, Jan. 11, 2024

- Topic: **China Real Estate: Changing Role in National and Regional Economy**, with *Peter Churchouse*, Chairman, Churchhouse Property Partners.

Reading: “Peak China Housing,” Kenneth S. Rogoff, Yuanchen Yang, August 2020.

- Topic: **An Overview of China’s Financial Markets: Capital Markets**

Reading: Allen et al. (2023), “Dissecting the Long-term Performance of the Chinese Stock Markets,” *Journal of Finance*.

Hu et al. (2022), “Chinese Capital Market: An Empirical Overview.”

Optional Video: Explaining the Regulatory Storm of Summer 2021 (from 10:00 to 48:00)

Meeting 3 – Jan. 18, 2024

- Topic: **Big Data, Big Model, and Big Market**, with *Jeff Shen*, Managing Director, Co-CIO of Active Equity and Co-Head of Systematic Active Equity, Blackrock.
- Topic: **Investing in Japan**, with *Brian Heywood*, Managing Partner and CEO, Taiyo Pacific Partners.

Reading: *China's Stock Markets – An Introductory Guide for Foreign Investors*, *China Briefing*, September 2021, "Overview of Mainland China's stock markets," [only this section].

Meeting 4 – Jan 25, 2024

-Topic: **A Introduction to China's Reform and Problems.**

-Topic: **Asset Allocation in Asia**, with *Patrick Martinell*, Portfolio Manager, University of Washington Investment Company.

Meeting 5 – Feb. 1, 2024

-Topic: **Opportunities and Challenges in Chinese Equities**, with *Charles M.C. Lee*, University of Washington, Stanford University, and Nipun Capital.

- Topic: **Necessary Fictions: The State, Stock Markets, and Growth in East Asia**, with *John Yasuda*, Johns Hopkins University.

Friday, March 8: Topic write-up is due.