

Moravian College - Fall 2009
EC 320 Course Syllabus
Money, Banking and Financial Markets

Instructor: Dr. James P. West, Professor, Department of Economics and Business, Moravian College.

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Office Hours: M 9-10, 10:30-11:30; T 9-10; W 9-10, 10:30-11:30 or by appointment

Course Description: History and theory of banking; structures of commercial banking; bank management; money and capital markets. History of central banking, monetary theory and domestic monetary policy. Debt management and liquidity policy. Sources and uses of funds. Current international economic policies and programs to maintain economic stability, economic growth and other goals.

Course Objectives: The purpose of this course is to provide you with a comprehensive introduction to the field of Money and Banking. Financial events dominate today's business news and a clear understanding of the organization of financial markets and institutions is essential to all business and political decision makers. It is my objective to help you gain that understanding and to develop a lasting interest in the subject of financial economics. In addition to the material discussed in the text, the quickly changing financial environment will be monitored during the semester by using the Wall Street Journal and other financial periodicals. Specifically students will:

- Understand the function and evolution of money and payments system
- Understand the role of financial markets and institutions including the important role of financial intermediaries.
- Understand and apply economic analysis surrounding security prices and interest rate determination.
- Gain an appreciation of the role of Central Banks esp. the Federal Reserve System.

- Understand the process by which the Fed devises and implements monetary policy
- Utilize macroeconomic models to show the impact of money policy on macro variables
- To become familiar with the international financial system, including an historical perspective, operation of markets, the evolution of institutions
- To apply tools of analysis to study historical and current problems including early bank panics, the Great Depression, Stagflation, the market crashes of 1987 and 2001-2 as well as the contemporary economy.

Required Texts:

1. Stephen G. Cecchitti, *Money, Banking, and Financial Markets*, 2nd edition, McGraw-Hill Irwin 2008.

2). The Wall Street Journal, www.bloomberg.com and other library and web sources as assigned.

Grading and Class Policies:

Exams 1, 2, 3 @ 20% each	=60%
Final Exam @ 30% (comprehensive)	=30%
Class Grade (attendance, quizzes)	<u>=10%</u>
	100%

All exams must be taken as scheduled. Excused make-up exams are subject to penalty to compensate for the extra study time. Quizzes, announced or unannounced, cannot be made up. Attendance and punctuality are expected and will be factored into the class grade. College policies regarding academic honesty are enforced and can be found in the student handbook. Only drinks – no food – are permitted in the class room. Laptop computers or other electronic devices are not to be used during class lectures. This syllabus is subject to change with notice. Thank you.

Class Schedule

Week of: (TTH)

September 1 Money and the Financial System Chapters 1 & 2

September 8 Financial Instruments, and Financial Markets- Chapter 3

September 15 Future and Present Value; Risk Chapters 4 & 5.

September 22 Review - Test 1 Chapters 1-5

September 29 Bonds, Pricing and Interest Rate Determination
Chapter 6

October 6 Risk Structure and Term Structure of Interest Rates
Chapter 7

October 13 Stock Market and Derivatives; Chapters 8,9

October 20 Foreign Exchange – Chapter 10

October 27 Review and Exam 2 (Chapters 6-10)

November 3 Economics of Financial Intermediation and Bank
Management – Chapters 11 & 12.

November 10 Financial Industry Structure and Regulation – Chapters
13 & 14.

November 17 Review and Exam 3

November 24 Central Banks, The Federal Reserve and the European
Central Bank – Chapters 15 & 16.

December 1 Money Supply and Monetary Policy: Tools, Targets,
Goals Chapters 17 & 18.

December 8 Modern Monetary Policy and Challenges – Chapter
23 and class notes. Review for Final Exam

Final Exam as scheduled by the Registrar.