



Moravian College

Department of Economics and Business
Fall 2011

Economics 320: Money, Banking and Financial Markets

Professor	Dr. James West
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Office Hours	MTWR 10:30-11:30 or by appointment
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Text

Required: *The Economics of Money, Banking & Financial Markets*, by F. Mishkin, 9th Edition, Addison Wesley Publishers, 2010. ISBN:978-0-321-59979-9.

Recommended: *The Wall Street Journal, The Economist*

Course Description

History and theory of banking; market structure of commercial banking; bank management; money and capital markets. History of central banking, monetary theory, and monetary policy. Current international monetary problems. A critical examination of present monetary policies and programs to maintain economic stability, economic growth, and other goals. Prerequisite: Economics 226 or Economics/Management 231. Fall. *Leeds, West*

Course Objectives

The purpose of this course is to provide you with a comprehensive introduction to the field of Money, Banking, and Financial Markets. Financial events dominate today's business news and a clear understanding of the organization of financial markets and institutions is essential to all citizens and especially 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.

Grading and Course Policies

Exams @ 20% each	=80%
Class Grade (attendance, quizzes, written & other assignments)	<u>=20%</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. Thank you.

Class Schedule and Assignments

Week of:

Aug 29	Money and the Financial System-- Chapter 1
Sept 7	(no class Sept 5 Labor Day holiday) An Overview of the Financial System and Money---Chapters: 2 & 3
Sept 12	All you wanted to know about interest rates (and more)---Chapters 4 &5
Sept 19	Risk and Term Structure of interest rates; The Stock Market and Efficient Markets Hypothesis---Chapters 6 & 7.
Sept 26	Review of Chapters 1-7 and EXAM ONE on Sept 28
Oct 3	Financial Institutions: Structure and Crises---Chapters 8 & 9
Oct 12	(Oct 10 no class Fall Recess); Bank Management---Chapter 10
Oct 17	The Banking Industry and Regulation---Chapters 11 & 12.
Oct 24	Review and EXAM TWO on October 26
Oct 31	Central Banking and Monetary Policy---Chapter 13
Nov 7	The Money Supply Process and Tools of Monetary Policy---Chapters 14 & 15
Nov 14	Strategies of Monetary Policy---Chapter 16. REVIEW
Nov 21	EXAM 3 on Nov 21; (No Class Nov 23 Thanksgiving Break)
Nov 28	International Financial Markets and Institutions---Chapters 17 & 18.
Dec 5	Monetary Theory---Chapters 24 and notes.
Dec 9-16	FINAL EXAMS -as scheduled by the Registrar- Thursday, December 15, 8:30 am . The final exam is selectively comprehensive with emphasis on the last section.