Ec 342: Monetary and Banking Theory

Jianjun Miao

Fall 2009

Schedule Tuesday and Thursday, 11-12:30pm, SSW 315

Office Hours Monday 2:00-3:30pm and Wednesday 4:00-5:30pm, or by appointment

Contact

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Course Web Page The class material (syllabus, lecture notes, announcements, problem sets, additional readings) will be posted on Course Info. In order to access the course web page you can go to http://courseinfo.bu.edu/courses/09fallcasec342_a1. You will be asked to login. Use your BU username and Kerberos password. You can also access the web page directly through Student Link (simply click the course button).

Course Overview This course provides a one-semester introduction to the economics of money, banking and financial markets. We will study financial markets including bond and stock markets. We will learn the determination of interest rates

and stock prices, and their behavior. Finally, we will study monetary theory and monetary policy.

Prerequisites Undergraduate level courses of microeconomics, macroeconomics, and calculus are required, such as EC201, EC202, and one of MA121, 122, 123, 124, 127, or 129.

Textbooks Teaching will be based on textbook. The following textbook is required, which is available in the BU bookstore.

- Mishkin, F.S., *The Economics of Money, Banking, and Financial Markets*, 9th edition, Addison Wesley.

Grades Your grades will be determined as follows

- Homework (15%)
- Midterm Exam (35%)
- Final Exam (40%)
- Class Participation (10%).

Exams The midterm exam will be based on the material covered in class prior to the exam. The final exam will be based on material covered in class after the midterm.

- Midterm Exam (90 minutes): Thursday, Oct 15, IN CLASS
- Final Exam: TBA

Homework and Class Discussions There will be howework during the course. All homework will be posted on the course web site. I will also assign readings which will also be posted in the course web site. We will discuss readings in the class.

IMPORTANT It is your responsibility to plan your travel around exam dates. In particular, the date of the final exam is determined by the Registrar and cannot be changed for any reason. All exams are required. If you miss an exam without an acceptable excuse, you will receive a grade of zero. The only exceptions will be for a verified family emergency or for an illness or injury that is confirmed by the University Medical Clinic or other doctor. If you miss an exam for a legitimate reason, you will take a makeup exam.

Academic Conduct It is your responsibility to know and understand the provisions of the CAS Academic Conduct Code (copies are available in room CAS 105). Cases of suspected academic misconduct will be referred to the Dean's Office, and will receive a zero grade for the exam.

Class Attendance and Requirements Class attendance is required. Failure to attend classes without medical or reasonable excuses, such as religious holidays, will have a negative effect on your final grade.

COURSE OUTLINE

Part 1: Introduction (1 week)

Chapters 1-3

Part 2: Financial Markets (2 weeks)

Chapters 4-7

Bond markets, interest rates, term structure, stock market

Part 3: Financial Institutions (2 weeks)

Chapters 8-10

Financial structure, financial crises, banking

Part 4: Central Banking and the Conduct of Monetary Policy (2 weeks)

Chapters 13-16

Money supply, central banks, tools and conduct of monetary policy

Part 5: International Finance and Monetary Policy (2 weeks)

Chapters 17-18

Foreign exchange market, international financial system

Part 6: Monetary Theory (5 weeks)

Chapters 19, 22-24

Demand for money, aggregate demand and supply, transmission mechanisms, money and inflation

Disclaimer Topics are subject to change. The midterm and final examination dates ARE NOT.

Schedule

	Tuesday	Thursday
Week 1		Sept 03
Week 2	Sept 08	Sept 10
Week 3	Sept 15	Sept 17
Week 4	Sept 23	Sept 24
Week 5	Sept 29	Oct 01
Week 6	Oct 06	Oct 08
Week 7	Oct13 (**No Class**)	Oct 15 (**Midterm**)
Week 8	Oct 20	Oct 22
Week 9	Oct 27	Oct 29
Week 10	Nov 03	Nov 05
Week 11	Nov 10	Nov 12
Week 12	Nov 17	Nov 19
Week 13	Nov 24	Nov 26 (**no class**)
Week 14	Dec 01	Dec 03 (**no class**)
Week 15	Dec 08	Dec 10
Week 16	Study Period	