EC2261.02 Money, Banking and Financial Markets

Course Objectives

- understanding economic methodology -- what it means to analyze social and business issues using models derived from basic principles and testing those models with rigorous, scientific empirical analysis.
- familiarity with specific monetary and macroeconomic tools, models and concepts including central banking, monetary and fiscal policy, economic indicators, real vs. nominal interest rates, economic fluctuations, transmission mechanism(s), international flows, links between the economy and financial markets, etc.
- analysis of contemporary issues in monetary economics like the efficacy of monetary and fiscal policy, the nature of the transmission mechanism, deflation, debt and deficits (government, business, household and international), financial imbalances, bubbles, contagion, generational economics, the effects of the Great Recession of 2008, etc.
- financial markets and investable asset classes including mutual funds, alternative assets, fixed income, equity, commodities and derivatives; and concepts including convexity and duration.
- understanding how concepts from monetary economics relate to personal investing and asset management, and other decisions of economic optimization.

Course Materials


Various (mostly online) sources related to the economy, financial markets and investing.

General Policies

Attendance and class participation are important. There will be no specific numerical measure but class presence can move a grade up. Exams will be closed book (and no calculator) and include some choice. Accommodations can be arranged for special testing conditions, illness, etc. but the student must make appropriate application. If you have any questions about academic integrity consult BC’s policy http://www.bc.edu/offices/stserv/academic/integrity.html
Grading

A midterm (40%), final (50%) and four problem sets (10% total).

Calendar and Assignments

Dates are approximate. All readings and problems are in the text unless otherwise specified. Read the pages in each chapter exactly as specified. Exercises from MyEconLab will be assigned.

Aug. 27, 29

Sept. 5, 10, 12, 17, 19
Ch. 2, Money and the Payments System
Chs. 3, 4, 5, Interest Rates and Rates of Return, Risk Structure and Term Structure

Sept. 24, 26, Oct. 1, 3, 10, 15
Ch. 6, Stock Market and Financial Market Efficiency
Ch. 7, Derivatives and Derivatives Markets
Ch. 8, Foreign Exchange Market
Ch. 9, Structure of the Financial System

Oct. 17 MIDTERM

Oct. 22, 24, 29, 31
Ch. 10, Banking
Ch. 11, Shadow Banking and Nonbank Financial Institutions
Ch. 12, Financial Crisis and Regulation

Nov. 5, 7, 12, 14, 19
Chs. 13, 14, 15, Central Banking and Monetary Economics

Nov. 26, 28
Ch. 16, International Financial System

Dec. 3, 5, 10
Topics

Dec. 13-20 FINAL