

Econ 330 – Money and Banking

Fall 2007 Syllabus

Instructor: Steven W. Rick

Office Hours: Tuesday and Thursday, 10:50-11:30 am, and by appointment.

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Prerequisites: Economics 101 & 102, or 111 or consent of instructor.

Text:

Frederic S. Mishkin. The Economics of Money, Banking, and Financial Markets. Eighth Edition, 2007. Pearson Addison Wesley

Course Description:

This course addresses five areas of importance.

Financial Markets – Interest rates, stock markets, efficient market hypothesis

Financial Institutions – Bank management, structure, competition, regulation

Central Banking and the Conduct of Monetary Policy – Federal Reserve, money supply process, monetary policy tools

International Finance and Monetary Policy – Foreign exchange market, international financial system

Monetary Theory – Demand for money, ISLM model, aggregate demand and supply, transmission mechanisms of monetary policy, inflation, and rational expectations.

Discussion Sections:

Every student should register for and attend the weekly discussion sections.

Homework:

Homework problems will be assigned from the text on a weekly basis and will be collected at the discussion sections. Homeworks will be graded on the following basis:

3 points—the homework is carefully done, and substantially correct.

2 points—a good attempt has been made to answer the questions.

1 point—a less than adequate attempt was made to answer the questions.

Grading:

Grading will be based on homework performance (10%), two midterm exams (25% each), and a final exam (40%). In a situation where a student's grade is borderline, the grade will be determined by participation in class and discussion section.

Following is a schedule of readings and exams for the course.

DATE	CHAPTER	TOPIC
Sept. 4	1 / 2	Introduction / Overview of the Financial System
Sept. 6	3	What is Money
Sept. 11	4	Understanding Interest Rates
Sept. 13	4	Understanding Interest Rates
Sept. 18	5	The Behavior of Interest Rates
Sept. 20	6	The Risk and Term Structure of Interest Rates
Sept. 25	6	The Risk and Term Structure of Interest Rates
Sept. 27	7	Stock Market, Rational Expectations, EMH
Oct. 2		FIRST EXAM
Oct. 4	9	Management of Financial Institutions
Oct. 9	9	Management of Financial Institutions
Oct. 11	9	Management of Financial Institutions
Oct. 16	9	Management of Financial Institutions
Oct. 18	11	Economic Analysis of Banking Regulation
Oct. 23	12	Structure of Central Banks / Federal Reserve System
Oct. 25	13	Multiple Deposit Creation / Money Supply Process
Oct. 30	14	Determinants of Money Supply
Nov. 1	15	Tools of Monetary Policy
Nov. 6	16	What Should Central Banks Do?
Nov. 8		SECOND EXAM
Nov. 13	17	The Foreign Exchange Market
Nov. 15	17	The Foreign Exchange Market
Nov. 20	19	The Demand for Money
Nov. 22	20	ISLM Model
Nov. 27	20	ISLM Model
Dec. 29	21	Monetary and Fiscal Policy / ISLM Model
Dec. 4	22	Aggregate Demand and Supply Analysis
Dec. 6	23	Transmission Mechanisms of Monetary Policy
Dec. 11	24	Money and Inflation
Dec. 13	25	Rational Expectations: Implications for Policy
Dec. 21		FINAL EXAM (12:25 pm)