

Istituto Lorenzo de' Medici

2019 Summer Program

ECON 302 Money, Banking and Financial Market

Course Outline

Term: June 17-July 19, 2019

Class Hours: 14:00 - 15:50PM (Monday through Friday)

Course Code: ECON 302

Instructor: George Sarraf

Home Institution: University of California Irvine

Office Hours: TBA

Email: gsarraf@uci.edu

Credit: 4

Class Hours: This course will have 72 class hours, including 40 lecture hours, professor 10 office hours, 10-hour TA discussion sessions, 2-hour review sessions, 10-hour extra classes.

Course Description & Prerequisite, Objectives and Hours:

This course introduces concepts of money and banking; describes institutional features of financial markets; explores the determination of interest rates and security prices; and discusses the Federal Reserve and its role in money creation. The course will discuss the effects of money and monetary policy on output and prices.

We will study the role of money and financial markets in modern market-oriented economies. We will examine the unique roles played by banks and other financial intermediaries as well as the role of organized markets for financial assets, such as the stock and bond markets. We will examine the role of the central bank or monetary authority both as a regulator and as the ultimate controller of a nation's money supply.

Objectives & Prerequisite:

By the end of this course you should be able to:

- Understand Financial Instruments, Financial Markets, and Financial Institutions.
- Understand and Calculate Future Value, Present Value, and Interest Rates.
- Understand the Structure of Central Banks: The Federal Reserve
- Explain Monetary Policy and understand the Role of FRB in Financial Stability.
- Describe Financial System Regulations.
- Discuss Modern Monetary Economics

Prerequisites: principles of macroeconomics.

Prerequisite

Introduction to Macroeconomics or Introduction to Economics course.

Required Textbook:

Mishkin, Frederic. The Economics of Money, Banking, and Financial Markets. (Pearson, 11th Edition 2015).

Lectures:

Lectures are designed to clearly explain the concepts covered in the chapters and how they apply to real world situations. Outlines of the lecture notes will be made available to students prior to class.

Attendance:

Attending classes is essential for mastering the concepts presented during lecture. You will review important concepts, and get involved in discussions. This is worth 10% of your grade.

Tests:

There will be two midterms, and a final. If you miss a midterm for a legitimate reason (you'll be required to show a proof. e.g. if you have a medical reason, you'll have to provide a medical note), then the final will count for 50% of your grade. There will be no alternate/make-up midterms under any circumstances. Midterm 1 will cover chapters 1 through 6. Midterm 2 will cover chapters 8, 9, 10, 11 and 13. The final exam will cover chapters 14, 15, 16, and 22. There will be no alternate or makeup final exam under any circumstances.

Please make any travel or other plans around the posted dates and times.

Homework:

Homework assignments to be submitted in hard copy. Further instructions will be announced in class. There will be three homework assignments. Each assignment will help you further understand the materials to be covered by each test.

Grading Breakdown:

Midterm 1	25%
Midterm 2	25%
Final	30%
Homework	10%
Attendance	10%

Your grade will be determined on the following scale.

A	90-100	C+	72-74	F	Below 56
A-	85-89	C	68-71		
B+	82-84	C-	64-67		
B	78-81	D+	60-63		
B-	75-77	D	56-59		

Total weighted score is determined based on the following:

$$\text{Total Score} = [\text{Midterm1} * 0.25 + \text{Midterm2} * 0.25 + \text{Final} * 0.3 + \text{Hwk} * 0.10 + \text{Att} * 0.10]$$

Course Topics and Readings

	Topic	Chapter
1	Overview of Financial Markets	1, 2, 3
2	Fundamentals of Interest Rates	4, 5, 6
3	Financial Institutions	8
4	Banking Industry and Regulation	9, 10, 11
5	Monetary Policy: Tools, Goals, and Outcomes	13, 14, 15, 16, 22
	We will not discuss these chapters.	17, 18, 19, 20, 21, 23-25

Course Calendar

Week	Topic	Chapters
<i>Week 1</i>		
	Overview	1, 2, 3
	Interest Rates	4
<i>Week 2</i>		
	Interest Rates	5, 6
	Institutions	8
	Banking Industry and Regulation	9
<i>Week 3</i>		
<i>Homework 1 is due</i>		
Midterm I (Monday). Chs: 1-6		
	Banking Industry and Regulation	10, 11
	Central Bank	13
<i>Week 4</i>		
<i>Homework 2 is due</i>		
Midterm II (Monday). Chs: 8-11 & 13		
	Monetary Policy	14, 15, 16
<i>Week 5</i>		
	AS-AD model of monetary policy	22
<i>Homework 3 is due</i>		
Final Exam (tba) Chs: 14-16 & 22		

Homework Assignments

Hwk 1:

Ch. 2. Questions: 2, 5, 6, 12, 13

Ch. 3. Questions: 1, 5, 8, 13, 14

Ch. 4. Questions: 2, 3, 6, 9, 12

Ch. 5. Questions: 1, 4, 10, 15, 16

Ch. 6. Questions: 3, 4, 5, 9, 12

Hwk 2:

Ch. 8. Questions: 2, 3, 7, 11, 12, 15, 20

Ch. 9. Questions: 2, 3, 5, 13, 14

Ch. 10. Questions: 1, 5, 10, 12, 14

Ch. 11. Questions: 2, 4, 8, 11, 13

Ch. 13. Questions: 4, 5, 8, 13, 15

Hwk 3:

Ch. 14. Questions: 2, 4, 10, 12, 15

Ch. 15. Questions: 2, 6, 7, 11, 15

Ch. 16. Questions: 5, 6, 16, 18, 20

Ch. 22. Questions: 5, 7, 8, 13, 15