

ECON 3030 - Money and Banking
Spring 2019, 3:30-4:20 pm & 4:40-5:30 pm, Clark Hall 107

Personal Note from Mr. Doyle:

Welcome to Money and Banking! I am excited to teach this course and glad that you are taking it! You must have some interest in economics as well. Indeed, you have already lived in interesting economic times – a historical financial crisis involving banks and a global monetary response.

My goal for the course is to help you learn more about money, financial markets, banking, the crisis, and monetary policy. I am genuinely concerned about you and want to help you satisfy your academic curiosity. So, you will get exposure to concepts, models, as well as economic and financial market history.

I also, frankly, want to help you develop a skill set for the job market as well. I have experience as an economist for a large bank and a large hedge fund, providing insight during the global financial crisis. To try to achieve this latter goal, you will be exposed to, analyze, and draw conclusions from real financial market and macroeconomic data. You will also have problems that will help you develop your quantitative skills, analytical reasoning ability, and give you experience on money and banking issues.

Please let me know how I can serve you in this regard. Now, let's have a great semester!

Professor: Carter Doyle

Office: 205 Monroe Hall

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Office Hours: Monday and Wednesday 11 am – 12 noon, 2- 3 pm, *after class, and by appointment.*

I encourage you to stop by during my office hours to get help.

The TA's for the course will send you his information within the first week of classes.

Course Description:

Money and Banking looks at the interplay between money, financial markets, financial institutions, and The Federal Reserve and their collective impact on the economy. The first part of the course will examine money, interest rates, and the three big financial markets: the bond market, the stock market, and the foreign exchange market. We will then look at how financial institutions solve transaction costs and information problems. Major areas of exploration in this second part of the course are: bank management, the banking industry structure and regulation, financial innovation, and the global financial crisis. The last part of the course will focus on monetary policy, including: the structure of the Federal Reserve - as well as major foreign central banks, and the tools, goals, and strategies of central banking, and how policy makers attempt to influence the performance of economies. The student will get hands-on experience with real financial and macroeconomic data and develop analytical view points on major money and banking issues.

Textbook and Other Materials:

- Textbook: The Economics of Money, Banking, and Financial Markets, 11th edition, by Mishkin.
- Students will access The Federal Reserve’s FRED database.
- Occasional articles will be assigned for reading and discussion.

Prerequisite:

ECON 2020, or instructor permission.

Lecture Attendance:

Lecture attendance is at your discretion, but strongly encouraged. There is a participation component to your grade (see below). Also, it is our opportunity to learn from each other and discuss what is going on in the economy and markets. Please arrive on time for classes and make sure you are not doing anything to disrupt the lecture, or your fellow classmates.

<u>Course Grades</u>	<u>Point Total</u>
<u>Class Participation</u>	20
<u>Quiz 1 : Mon, Feb 18</u>	20
<u>Exam 1 : Mon, Feb 25</u>	100
<u>Quiz 2 : Mon, Mar 25</u>	20
<u>Exam 2 : Mon, Apr 1</u>	100
<u>Final Exam : Sat, May 4, 2:00-5:00 pm</u>	200
<u>Problem Sets: Due - Dates Announced</u>	60
<u>TA Discussion Points</u>	20
	540

Course Grade/Dutch Knockout:

Your grade for the course is based on the higher of the following:

- 1) grade from the entire semester's work (including final exam), *or*
- 2) grade on the final exam only. Thus, if you do not do as well on other tests and assignments, it may be possible to still receive a good grade by doing well on the final exam.

Course grades are set according to a scale, which is determined the day *after* the final exam. Thus, tests are not assigned letter grades.

Makeup Tests:

The Final Exam will take the place for those who missed either the first or the second test and have an acceptable excuse. Acceptable excuses are rare; examples include death in the family, University-sponsored athletic events, or serious illness. *You must submit an excuse with proper documentation that must be approved by the professor within 1 week after the missed test.*

Final Exam:

There is ONE final examination. You must take the Final Exam at time on the Syllabus. There is no makeup for the final exam.

Grading Questions:

If you have any questions about grading of a test or assignment, see your Discussion Session TA first. If you are not satisfied, then please see me. *You must do this within 1 week of the assignment or test date.*

Add, Drop, and Withdrawal:

Please see the UVA Summer Session website for dates about adding, dropping, and withdrawing. *It is the student's responsibility to be familiar with university policies associated with Add, Drop, and Withdrawal and to take such actions on their own behalf, if the student deems it appropriate.*

Credit/No Credit:

For students taking the course credit/no credit, the minimum grade for credit is a C-.

Disabilities:

To discuss individual accommodations for disabilities as recommended by the Learning Needs and Evaluation Center, see your discussion section TA during office hours as early in the semester as possible. *You are responsible for coordinating accommodations with your discussion section TA.*

Honor:

Because of the Honor System at Mr. Jefferson's University, I assume students are truthful with teaching assistants and me and do not cheat on tests and exams. In the unlikely event that you observe an incident of cheating, I assume you will contact an Honor Advisor. Students deemed (by the professor) to have violated the University's Honor System are **not** eligible for the Dutch knockout.

Legal Note:

Students are prohibited from selling notes for this course to any person or commercial firm (or being paid to take notes) without the express written permission of Carter Doyle.

Our Contract:

This syllabus is an important document. Continued enrollment in this course indicates your agreement with all stipulations laid out in this document. All future discussions between you and me assume your continued agreement with this syllabus.

Course Outline

Note:

-Chapter Readings & Quiz/Test Dates in Table below.

-Additional reading - Articles/Reports will be posted on Collab.

-At times, Additional Material not covered in the Textbook will be presented during class lectures.

-Problem sets (around 6 of them) will occur throughout semester – generally due 1 week after they are posted on Collab

<u>Topic</u>	<u>Chapter</u>
I. Money and Financial Markets	
Money and Interest Rates	3 & 4
The Bond Market	5
Risk and Term Structure of Interest Rates	6
The Stock Market	7
<i>Quiz 1 : Mon, Feb 18</i>	
<i>Exam 1 : Mon, Feb 25</i>	
II. Banking and The Financial Crisis	
The Foreign Exchange Market	17
Economics of the Financial Structure	8
Bank Management	9
Bank Industry Structure and Competition	11
Financial Crises and Banking	12
Economics of Financial Regulation	10
<i>Quiz 2 : Mon, Mar 25</i>	
<i>Exam 2 : Mon, Apr 1</i>	
III. Monetary Policy	
Money Supply - Fed Response to Crisis	14
Monetary Policy Tools & Strategy	15 & 16
Transmission Mechanisms of Monetary Policy	25
<i>Final Exam : Sat, May 4, 2:00-5:00 pm</i>	