



Money, Banking, and Financial Markets

Econ 3335

Fall 2016

Professor: Michael J Applegate

Email: m-j1701@sbcglobal.net

Office Hours: TBD

Course Description

This course covers what money is and the role it plays in all economies as well as the economic ties among countries. We will see how financial intermediaries including banks mobilize savings into productive investment and therefore economic growth. We will also see how the existence of multiple currencies in the complicate

Prerequisites

Principles of Microeconomics (ECON:1100) & Principles of Macroeconomics (ECON:1200)

Course Objectives

Students will understand the basic principles of money, financial intermediaries and markets so that they can:

1. Understand and evaluate current international and domestic events reported on by the financial and general media.
2. Have a greater understanding of what reliable data are available and how to access it.
3. Understand why well-functioning financial markets are essential to achieve economic growth and rising standards of living for everyone.

Course Materials & Resources

Banking and Financial Markets Cecchetti, Schoenholtz 3rd
McGraw Hill (or the latest edition available at CIMBA)

The Ascent of Money - Dreams of Avarice (Episode 1)
<https://www.youtube.com/watch?v=X1sjFHEI5GI> (8:27:34:45)

The rise of the bond market
<https://www.youtube.com/watch?v=FDdBikepkil> (0-10:30)

Current Yield
<http://www.investopedia.com/terms/c/currentyield.asp>

Where Used

All Chapters

Chapter 1

Chapter 1

Chapter 4

Opinion: High-yield bonds aren't 'junk' anymore — and that's troubling Chapter 7
<http://www.marketwatch.com/story/yield-hungry-investors-are-greedy-so-you-should-be-fearful-2015-05-11>

How Goldman Sachs Helped Greece to Mask its True Debt Chapter 9
<http://www.spiegel.de/international/europe/greek-debt-crisis-how-goldman-sachs-helped-greece-to-mask-its-true-debt-a-676634.html>

Italy Now Suspected Of Using Derivatives To Hide Their Debt Problem, Just Like Greece Chapter 9
<http://www.businessinsider.com/eurostat-suspects-that-italy-is-using-derivatives-to-hide-their-debt-problem-just-like-greece-2010-2>

What are the Federal Reserve's objectives in conducting monetary policy? Chapter 18
https://www.federalreserve.gov/faqs/money_12848.htm

Sterilized Intervention Chapter 19
<http://www.investopedia.com/terms/s/sterilizedintervention.asp>

Course Grades

Course grades will be approximately distributed according to the recommended guidelines of the Economics Department at the University of Iowa, which is 30% A's, 40% B's, 25% C's and 5% D's. These are only guidelines. Actual Distribution will depend on specific class performance. Plus/minus will not be used.

Points are earned in the following way:

Exam #1	200 points
Exam #2	200 points
Quizzes*	100 (5 @ 20pts each)
<u>Final Exam</u>	<u>300 points</u>
Total Points	800 points
*Quizzes will be announced the class period before.	

The following grading scale will be used:

<u>Percent</u>	<u>Points</u>	<u>Minimum Grade</u>
89-100	712-700	A
79-88	632-711	B
69-78	552-631	C
55-68	440-551	D
0-54	0-439	F

Class Schedule

<u>Class Meeting #</u>	<u>Topic</u>	<u>Reading</u>
1	Introduction to Money and the Financial System	Chapter 1
2	Money and the Payments System	Chapter 2
3	Financial Instruments, Financial Markets, and Financial Institutions	Chapter 3
4,5	Future Value, Present Value, and Interest Rates	Chapter 4
6	Understanding Risk	Chapter 5

7,8	Bonds, Bonds Prices, and the Determination of Interest Rates	Chapter 6
9	The Risk and Term Structure of Interest Rates	Chapter 7
10	Exam 1	
11	Derivatives: Futures, Options, and Swaps	Chapter 9
12	Foreign Exchange	Chapter 10
13	The Economics of Financial Intermediation	Chapter 11
14	Depository Institutions: Banks and Bank Management	Chapter 12
15	Financial Industry Structure	Chapters 13
16	Exam 2	
17,18	The Central Bank Balance Sheet and the Money Supply Process	Chapter 17
19	Monetary Policy: Stabilizing the Domestic Economy	Chapter 18
20	Exchange Rate Policy and the Central Bank	Chapter 19
21	Final Exam	

Attendance Policy

Attendance at all classes and CIMBA sanctioned activities is MANDATORY. All unexcused absences will have the following consequences:

- a. 1st absence will result in a loss of a 1/3 of a letter grade in that class (1/2 in the summer program)
- b. 2nd (cumulative) absence will result in a loss of an entire letter grade in that class
- c. 3rd (cumulative) absence will result in a dismissal from the program.

Absences due to illness require a note from the CIMBA Office Staff. If a student is sick and cannot attend class, he/she must inform the CIMBA Staff immediately. Failure to do so will result in an unexcused absence.

Grievance Policy

Student concerns regarding this course should first be discussed with me, the faculty member teaching this course. If we can't resolve the complaint, you may contact the CIMBA Director, Brandelle Unkrich (319-335-1041, brandelle-unkrich@uiowa.edu). The Director will review the details of the complaint and involve the Associate Dean of the Undergraduate Programs, as needed.

Academic Misconduct

The Tippie College of Business at the University of Iowa follows an honor code regarding academic misconduct. That code can be found at <http://tippie.uiowa.edu/honorcode.cfm> and includes cheating, plagiarism, unauthorized collaboration, obtaining an unfair advantage, forgery, facilitating academic dishonesty, and misrepresentation. Be sure you are familiar with this code. Students who exhibit academic dishonesty will receive a zero (0) for the assignment

or examination involved and may receive an "F" for the class. All incidents of cheating will be reported to the CIMBA staff, as well as to the Senior Associate Dean of the Tippie College of Business. The decision of the professor may be appealed to a Judicial Board. The Honor Code for the Tippie College of Business will determine the appropriate appeal process.

Accommodating Students with Disabilities/Academic Accommodations

A student seeking academic accommodations such as a modification of seating, testing, timing, etc. should first register with Student Disability Services, then contact Shannon Lizakowski (shannon-lizakowski@uiowa.edu) in the CIMBA Office to make further arrangements. See <http://sds.studentlife.uiowa.edu> for more information.

Sexual Harassment

Sexual harassment subverts the mission of the University and threatens the well-being of students, faculty, and staff. All members of the UI community have a responsibility to uphold this mission and to contribute to a safe environment that enhances learning. Incidents of sexual harassment should be reported immediately. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to visit the University website, www.sexualharassment.uiowa.edu/index.php, and to seek assistance from the CIMBA Director, Brandelle Unkrich, at 319-335-1041 or brandelle-unkrich@uiowa.edu.