

ECON:3335 (06E:117) Money, Banking & Financial Markets
Department of Economics
Tippie College of Business
University of Iowa
Summer 2016 CIMBA

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This course covers the functioning of the money and banking system and its interrelationship with the rest of the economy. Attention is given to the role of the Federal Reserve System as it affects the economy through monetary policy.

“The purpose of studying economics is not to acquire a set of ready-made answers to economic questions, but to learn how to avoid being deceived by economists” -- Joan Robinson, economist

TEXT

Frederic S. Mishkin, *The Economics of Money, Banking, and Financial Markets* 10th edition

COURSE OBJECTIVES

- To introduce students to basic concepts in the bond market and bank management.
- To develop the ability to reason accurately and objectively about monetary policy.

POLICY

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 1/2 of a letter grade in that class;
- 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 Undergraduate Office Staff and/or the Istituto Filippin medical 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.

Exam: There are three midterm exams worth **20%** of your final grade and one cumulative final exam worth **40%** of your final grade. Each exam will be comprised of essay/problem solving questions, there are no multiple choice questions on the exams.

Final Exam Period: The CIMBA program will announce when the final exam is for this course. I will be giving the final exam at that time.

Open Door Policy: Please feel free to meet me during office hours.

Grades: Your performance in this class will be determined by your performance on the exams. I will use the following scale to determine grades:

A+ = 97 – 100; A = 93 – 97; A- = 90 – 93; B+ = 87 – 90; B = 83 – 87; B- = 80 – 83;
C+ = 77 – 80; C = 73 – 77; C- = 70 – 73; D+ = 67 – 70; D = 63 – 67; D- = 60 – 63; F = 0 – 60.

Academic Misconduct: Any type of academic misconduct will result in an F for the course grade. All incidents of cheating will be reported to the Associate Dean of the Tippie College of Business and the student may be placed on disciplinary probation for the remainder of his or her undergraduate work at

the University of Iowa. In general, the decision of the Professor may be appealed to the College of Business' Judicial Board, then to the Associate Dean for the Undergraduate Program. The Honor Code for the Tippie College of Business will determine the appropriate appeal process. By enrolling in this course, you agree to be bound by the Honor Code, which can be found here: <http://www.biz.uiowa.edu/upo/honorcode.html>.

Sexual Harassment: The Tippie College of Business and the University of Iowa are committed to providing students with an environment free from sexual harassment. 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, <http://www.sexualharassment.uiowa.edu/index.php>, and to seek assistance from department chairs, the Dean's Office, the University Ombuds Office, or the Office of Equal Opportunity and Diversity.

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 departmental executive officer (DEO) of the Department of Economics (Professor Solow, W210 PBB). If you cannot resolve the complaint by speaking with the DEO, you should take your concern to the Dean's Office (C120 PBB).

Students with Disabilities: If you have a disability that may require some modification of seating, testing, or any other class requirement, please let me know as soon as possible so that appropriate arrangements can be made. Similarly if you have any emergency medical information about which I should know, or if you need special arrangements in the event the building must be evacuated, please let me know. Please see me after class hours or during my scheduled office hours or schedule an appointment. I would remind you that the Office of Student Disability Services is available to assist you.

Course Outline

Chapter 1 Introduction

Chapter 2 Financial System

Chapter 3 Money

Chapter 4 Interest Rates

Chapter 5 Behavior of Interest Rates

Chapter 6 Risk & Term Structure of Interest Rates

Chapter 7 The Stock Market, Rational Expectations & Efficient Market Hypothesis

Chapter 8 Economic Analysis of Financial Structure

Chapter 9 Financial Crisis

Chapter 10 Banking & Management

Chapter 11 Banking Regulation

Chapter 12 Banking Industry: Structure & Competition

Chapter 13 Central Banks & Federal Reserve System

Chapter 14 Money Supply

Chapter 15 Tools of Monetary Policy

Chapter 16 Monetary Policy: Strategy & Tactics

Chapter 17 The Foreign Exchange Market

Chapter 18 International Financial System

Chapter 22 Aggregate Demand and Aggregate Supply

Chapter 23 Monetary Policy Theory

Chapter 24 Expectations & Monetary Policy

Chapter 25 Transmission Mechanisms of Monetary Policy