



Course Name

Course Number

Semester

Professor Name: Robert Crawford

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Course Description

Money Banking and Financial Markets: ECON: 3335

Fall 2017

Instructor: Dr. Robert Crawford

INTRODUCTION:

Welcome to Money, Banking and Financial Markets, Economics 3335.

This course is designed to expand your knowledge of the economy as a system and the role of money and financial institutions in that system. It may appear complex but basic ideas reduce the complexity to memorable concepts. These are designed to help you make better decisions both professionally and personally.

The last three or four decades have seen a remarkable evolution in the institutions that comprise the modern monetary system. The financial crisis of 2007-2009 illustrated the importance of the human—personal ethical responsibility—to the system.

The importance of Money, Credit and Global connectedness was manifest in the actions taken to prevent financial collapse. The actions of Central Banks, the heart of the system, saved the system from collapse. The roll of risk assets became evident. The political dimension of the economic system became more transparent, as the breakdown of some societies leads to population movements that strained viable societies. The rise and collapse of the Arab Spring is still the most significant global economic shock.

The Greek financial crisis, Brexit and political change in France and Italy are in process and the economic consequences are yet to be realized. Political change in the USA is introducing more uncertainty to the World economic system. These events are some that form the context of the course.

New forms of e-payment and the impact of new media of exchange such as Apple and Google pay are modifying the system in ways not yet fully understood.

Course Objectives

The main objective is to understand the role of money, banking and interest rates in the economic system you are part of.

The Course is divided into three parts

Part 1 examines the system comprised of

1. stock variables: financial assets such as bonds, money, capital assets and people, employment/unemployment. These characterize the state of the system
2. Flow variables: income/production, investment and depreciation immigration/emigration, births/deaths and retirement. These changes the systemic state as given by stock variables
3. Regulators: prices and interest rates, laws and regulations
4. Connectors: Financial and economic theory, financial institutions, political institutions

Part 2 examines markets for financial instruments looking at price and rate determination, risk and risk mitigation, banking and bank management.

Part 3 examines the System as a whole—the Macro economy and how its function affects everyone including you.

Course Materials & Resources

Required Text: Money, Banking, and Financial Markets, Stephen G. Cecchetti and Kermit L. Schoenholtz, McGraw-Hill Education, Fourth Edition

St Louis Federal Reserve Bank data (FRED)

We will use various websites to supplement the text such as:

<http://www.bloomberg.com/europe>; <http://federalreserveonline.org/>;

<http://www.econoday.com/economic-calendar.aspx>

Grading

Exam questions will be drawn from both the textbook and class lectures, which may include outside material. Make up exams will not be given without the instructor's prior consent. A doctor's note will be required if an exam is missed due to illness. Failure to take an exam will result in a grade of zero (0) on that exam. Exams will be a mixture of objective and subjective questions.

The grade will be determined by your performance on the midterm and final Exam. Comprehension checks on each previous class material will prepare you for these exams.

The Final grade will use plus and minus grading. Course grades will be approximately distributed according to the recommended guidelines of the Tippie College of Business at the University of Iowa, which is 30% A's, 40% B's, 25% C's and 5% D's. These are only guidelines.

Class Schedule

Econ

3335 Money and Banking

Class session	Topics	Assignments
1	On Money	Reading 1
2	Economy as a System	Reading 2
3	Economic Variables: Stocks and Flows	Chapter TBA
4	Financial Markets, Instruments and Institutions	Chapter TBA
5	Discounting, Valuation PV & FV Basics of Bonds	Chapter TBA
6	Market Determination of Rates	Chapter TBA
7	Risk & term structure of interest rates	Chapter TBA
8	Managing Risk: Derivatives	Chapter TBA
9	Hedging with Options and Futures	Chapter TBA
10	Valuing Options: Specific examples	Chapter TBA
11	Review for Midterm	Chapter TBA
12	Midterm	
13	Bank Management and Financial Institutions	Chapter TBA
14	Central Banks and Policy Old and new tools of Central Banking	Chapter TBA
15	Aggregate Economics	Chapter TBA
16	Long Run and Short Run Responses	Chapters TBA
17	Shock Analysis Country Examples	Chapters TBA
18	Government Budgets	Chapters TBA
19	Global Financial Markets and Exchange Rates	Chapter TBA
20	Trade and Domestic Politics	Chapters TBA
21	Final Examination	

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 Interim Director, Stephanie Schnicker (319-335-1041, stephanie-schnicker@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 the CIMBA Italy Office (cimba-italy@uiowa.edu) 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 Interim Director, Stephanie Schnicker, at 319-335-1041 or stephanie-schnicker@uiowa.edu.