

University of Wisconsin-Stevens Point
Economics 360- Money and Financial Markets
Spring 2017
Tuesday, 3:30-6:00, CPS 322

Instructor: Dr. Hamid Milani
Office: CPS 474
Office Hour: Tuesday, 2:45-3:20 and immediately after class
And by appointment
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Required Text:

Mishkin, Frederic S. The Economics of Money, Banking and Financial Markets, Pearson Publishing, 11th, Edition, 2016.

PREREQUISITE: ECO 110 and Accounting 210

COURSE OBJECTIVE

The primary purpose of this course is to study the structure and operations of the depository institution, central banking and money creation, theories of interest and money, monetary policy, income and prices and their effects on the economy.

Attendance:

Attendance is required. Should you choose not to attend a lecture, it is your responsibility to get a copy of the class notes from a classmate. Some test questions may cover the material not included in the textbook.

EXAMS:

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| 1. Exam I, Tuesday, February 21, chapters 1-5, 7 | 150 points |
| 2. Exam II, Tuesday, April 11, chapters 9, 10, 12-15 | 150 points |
| 3. Final Exam, Tuesday, May 16, 5:00-7:00 p.m., chapters 16, 17, 19-21 | 150 points |
| 4. Homework assignments and quizzes | 150 points |

All the exams are multiple choice questions.

MAKE-UP EXAM POLICY:

Make-up exams will be given only if there is a legitimate reason and I have been contacted prior to the exam.

GRADING PROCEDURE:

Your final grade will be based on the total points you have accumulated (maximum 600 points). The final scale of grade distribution is as follows:

93-100	A
90-92	A-
87-89	B+
83-86	B
80-82	B-
77-79	C+
73-76	C
69-72	C-
66-68	D+
62-65	D
58-61	D-
less than 58	F

COURSE OUTLINE and REQUIRED READINGS:

All the reading listed is required. While the lectures will follow the book fairly closely, it is not possible to go into detail to the same degree as the book, so you will be expected to read the book on your own.

- I. Introduction
Why Study Money, Banking & Financial Markets? Ch. 1

- II. Preliminary Material
A. Overview of the Financial System Ch. 2
 - 1. financial markets
 - 2. financial intermediaries
 - 3. financial instruments
 - 4. regulation
B. What is money? Ch. 3
 - 1. functions of money
 - 2. measuring the stock of money

- III. Financial Markets
A. Understanding Interest Rates Ch. 4
B. The Behavior of Interest Rates Ch. 5
 - 1. the loanable funds framework
 - 2. the liquidity preference framework

C.	The Stock Market	Ch. 7
IV.	Financial Institutions	
A.	The Banking Firm	Ch. 9
1.	the balance sheet	
2.	asset and liability management	
3.	interest rate risk	
B.	Economic Analysis of Banking Regulation	Ch.10
C.	Financial Crisis	Ch. 12
V.	The Money Supply Process	
A.	The Federal Reserve System	Ch. 13
1.	its structure and purposes	
B.	Money Creation	Ch. 14
1.	Introduction - a simple model	
VI.	Monetary Policy	
A.	The Tools of Monetary Policy	Ch. 15
1.	open market operations	
2.	discount loans	
3.	reserve requirements	
B.	Conduct of Monetary Policy	Ch. 16
1.	goals vs. targets	
2.	choice of targets	
VII.	Theories of Demand for Money, Determination of Aggregate Output and Price, and Monetary Policy	
A.	The Demand for Money	Ch. 19
1.	the quantity theory	
2.	velocity	
3.	Keynesian models	
4.	Friedman's modern quantity theory	
B.	The IS Curve	Ch. 20
1.	the IS curve	
2.	Planned Expenditure and Aggregate Demand	
C.	The Monetary Policy and Aggregate and Aggregate Demand Curve	
1.	The Monetary Policy Curve and Monetary Policy	Ch. 21