

Syllabus

Money and Financial Markets *McDaniel College, 2017 Fall Semester*

This course gives students an overview of how the financial sector works and how it can have an impact on the other spheres of the economy. The questions will be examined both from the point of view of economic units, i.e. at micro level and from the point of view of the economy as a whole and the economic policy i.e. at macro level. The knowledge which can be acquired by completing this course is not only a theoretical one but also includes practical skills which are indispensable in our modern world.

Specific topics will include: concepts and functions of financial markets; financial instruments; asset pricing and portfolio management; interest rate determination; the concepts related to banking, types of banks and other financial institutions; types of money; the money-creation process; the role of the central bank of a country; the scope and efficiency of monetary policy at national and at international levels; the question of classical dichotomy.

Textbook: Ball, L. M.: Money, Banking and Financial Markets, 2009, Worth Publishers

Assessment and Grading:

Midterm written exam: 40%

Final written exam: 40%

Two short written tests: 10% each

Grades will be awarded in accordance with the McDaniel College grading system.

Schedule:

Weeks 1 – 2: Introduction and Basic Concepts

Financial System, Money, Central Bank

Weeks 3 – 4: Financial Markets

Asset Prices, Interest Rates, Securities Markets, Foreign Exchange markets

Weeks 5 – 6: Banking

Banking Industry, Bank Regulation

Week 7: Revision and Consultation for the Midterm Test; Writing the Midterm Test

Weeks 8 – 10: The Impact of the Monetary Sphere on the Real Sphere of the Economy

Neutrality and Non-neutrality of Money; Fluctuations; Inflation and Deflation

Weeks 11 – 13: Monetary Policy

Policy Strategies; Monetary Institutions; Exchange Rates; Financial Crises

Weeks 14 – 15: Revision and Consultation for the Final Test