CONTACT INFORMATION

INSTRUCTOR: Mi Luo
ADDRESS: 1602 Fishburne Drive, Rm 330
EMAIL: mi.luo@emory.edu
OFFICE HOURS: T/Th 11:30 am - 12:30 pm

LECTURE HOURS: TTh 10:00 - 11:15 am
LECTURE ROOM: White Hall 110

COURSE DESCRIPTION

Economics of financial markets and institutions. We study how the interest rates and asset prices are determined, how the banking system operates, and how central banks use the policy tools to influence output and inflation. Students should also be familiar with real-world knowledge regarding central banks.

The course presumes knowledge of both micro- and macroeconomics at the principles level, as well as elementary differential calculus and high school level algebra. You should have taken Intermediate Microeconomics (Econ 201) and Intermediate Macroeconomics (Econ 212). You should also be comfortable with some probability and statistics knowledge.

STUDENT LEARNING GOALS

Upon successful completion of this course, you will be able to:

1. use micro-founded models to analyze macro data.
2. understand the effect of government policy on all sectors of the economy.
3. apply the material learned to evaluate the effects and merits of alternative policies.

TEXTBOOK AND READINGS

The required textbook for this course is Laurence M. Ball, Money, Banking, and Financial Markets, 2nd edition, Worth publishers. The course will follow this book fairly closely, however I will also assign additional reading as we move along.

A great complement to the required textbook is Zvi Bodie, Alex Kane and Alan J. Marcus (BKM), Investments, 11th edition, McGraw-Hill.

Apart from the above books, I may assign readings from newspapers or academic journals. I will make sure to post links to these readings on the course website.

COMMUNICATION AND COURSE WEBSITE

I will mostly use Canvas to make announcements regarding the course. Please check regularly your Emory email account. All the materials for this course will be posted on Canvas under ECON 411.

OFFICE HOURS

I will have two sets of office hours:
1. Tuesdays 11:30 am - 12:30 pm in Rich Building 330 (my office)
2. Thursdays 11:30 am - 12:30 pm in Rich Building 330 (my office)

TEACHING ASSISTANTS

The TA for this course is TBD. The TA will NOT grade the problem sets nor the exams. The TA will hold occasional office hours which we will announce ahead of time.

ASSESSMENT AND GrADING SCHEME

1. Your final grade (FG) will depend on your performance on the following assessments: a final exam (FE), two midterm exams (ME), and six problem sets (PS).

2. The final exam (FE) will be held on Friday, May 3rd 8:00 am - 10:30 am. The location for the FE is to be determined. The final exam schedule for Fall classes can also be found on the Registrar’s webpage at: http://registrar.emory.edu/faculty-staff/exam-schedule/spring-2019.html. This date is determined by the University and there is nothing I can do about it. Please make note of the date now. I will not administer the exam early to anyone who has booked early travel home for the winter break.

3. The first midterm (ME 1) is scheduled for Tuesday, February 12th 10:00 - 11:15 am. The second midterm (ME 2) is scheduled for Thursday, March 21st 10:00 - 11:15 am. The location for both midterms is White Hall 110.

4. Should you have a valid, University-approved conflict with any of the exam times, consult with me at least a week ahead of the exam date to make alternative arrangements in accordance with the university guidelines. Failure to resolve exam conflicts at least a week in advance may mean that no alternative arrangements will be available.

5. Your final grade (FG) will be computed as follows: the FE is worth 35% of the grade, your best midterm is worth 30% of the grade, your other midterm is worth 20% of the grade. The remaining 15% of the final grade comes from the 6 mandatory problem sets (PS), each worth 2.5%.

6. All the assessments will be graded on the scale of 0-100%.

7. The FG may be curved. Grades may be curved only in the upward direction. My objective (in accordance with departmental norms) is for the average letter grade for the entire semester to be close to a B+. The following is a conversion for points into letter grades:

<table>
<thead>
<tr>
<th>Grade</th>
<th>FG</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>≥ 94</td>
</tr>
<tr>
<td>A-</td>
<td>90 ≤ FG &lt; 94</td>
</tr>
<tr>
<td>B+</td>
<td>87 ≤ FG &lt; 90</td>
</tr>
<tr>
<td>B</td>
<td>83 ≤ FG &lt; 87</td>
</tr>
<tr>
<td>B-</td>
<td>80 ≤ FG &lt; 83</td>
</tr>
<tr>
<td>C+</td>
<td>77 ≤ FG &lt; 80</td>
</tr>
<tr>
<td>C</td>
<td>73 ≤ FG &lt; 77</td>
</tr>
<tr>
<td>C-</td>
<td>70 ≤ FG &lt; 73</td>
</tr>
<tr>
<td>D</td>
<td>65 ≤ FG &lt; 70</td>
</tr>
<tr>
<td>F</td>
<td>FG &lt; 65</td>
</tr>
</tbody>
</table>

8. Regrading policy: If, after going over your assignment and the assignment solutions, you believe some of your solutions were more correct than originally judged to be, you may submit, in writing, an exam regrade request. Your regrade request must specify which solutions(s) you believe were not graded appropriately and a substantive explanation for why you believe your solutions are more correct than originally judged (thus, regrade requests that consist of essentially nothing more than “I think I should have received more points on this question” will not be considered). Your entire exam is subject to regrade, so the overall grade may go up, down or remain unchanged. Exam regrade requests are due no later than 1 week (7 calendar days) after exams are returned.
9. All midterms and the final exams are individual-work and closed-book. Problem sets can be worked on in groups of up to 3 students. If you choose to work in groups submit only one solution for the entire group, but please make sure all your names and student IDs are clearly written on the front page of your submission.

10. There will be no make-up exams, no extensions of deadlines, and no extra credit assignments.

11. It is mandatory that students bring their Emory student ID card to all exams.

12. A student who does not respect the time limits during a test will get a 10% penalty on that test.

13. All problem sets are to be submitted at the beginning of class on the due date.

14. Methods of evaluation for PSs, MEs, and FE: short-answer questions, numerical calculations, mathematical derivations, true-false, multiple choice, and fill-in-the-blank questions.

15. Your grades on problem sets and exams will be posted. Please immediately report to the instructor any discrepancy between the posted and actual grades.

**Contacting the Instructor**

My office hours are listed on page 2. Please feel free to come to these office hours to seek help or to discuss matters related to the course.

If my scheduled office hours are in conflict with your schedule, you can request an appointment with me via email at mi.luo@emory.edu. Please ensure that your email has subject line starting with “Money and Banking,” this will minimize the risk of your email being overlooked or perceived as spam.

**Guidelines and Expectations**

Students are expected to come to class and to participate in various ways in the lectures: either by asking questions, by pointing out errors on the slides, or by answering questions I ask during lectures.

Most of the time, I will deliver my lectures using slides. The slides will be posted on the course website after classes (and if I can, even before classes). Occasionally, I will use the blackboard/whiteboard to cover additional material. The slides are not lecture notes. They mainly provide an outline of what will be discussed in class.

A reading schedule is outlined in this syllabus (see below). Students are assumed to have read the material ahead of the lectures. Students should NOT expect me to talk about every single textbook page. The lectures will focus on the most important and challenging parts of the material. More basic material will be left for the students to study on their own. I will refer to this more basic material in the lectures, hence the need to read ahead to understand the lectures.

**Honor Code**

The code itself can be found at the Emory website http://catalog.college.emory.edu/academic/policies-regulations/honor-code.html and is copied below. You are strongly encouraged to learn its rules:

The honor code is in effect throughout the semester. By taking this course, you affirm that it is a violation of the code to cheat on exams, to plagiarize, to deviate from the teacher’s instructions about collaboration on work that is submitted for grades, to give false information to a faculty member, and to undertake any other form of academic misconduct. You agree that the teacher is entitled to move you to another seat during examinations, without explanation. You also affirm that if you witness others violating the code you have a duty to report them to the honor council.
**IMPORTANT DATES**

January 15: first day of classes.
January 24: PS 1 is due (at the beginning of the class).
February 5: PS 2 is due (at the beginning of the class).
February 12: Midterm Exam 1.
February 21: PS 3 is due (at the beginning of the class).
March 7: PS 4 is due (at the beginning of the class).
March 11-15: Spring break.
March 21: Midterm Exam 2.
April 4: PS 4 is due (at the beginning of the class).
April 18: PS 6 is due (at the beginning of the class).
April 25: last day of classes.
May 3: Final Exam.

**COURSE OUTLINE**

The tentative (and intentionally ambitious) outline for the course is as follows:

1. Introduction (2-3 lectures)
   - Review of how micro-founded macro models work
     - The financial system (*Money, Banking, and Financial Markets* ch. 1)
     - Money and Central Banks (*Money, Banking, and Financial Markets* ch. 2)

2. Financial markets (7-8 lectures)
   - Asset prices and interest rates (*Money, Banking, and Financial Markets* ch. 3)
   - What determines interest rates? (*Money, Banking, and Financial Markets* ch. 4)
   - Securities markets (*Money, Banking, and Financial Markets* ch. 5)

3. Banking (7-8 lectures)
   - Asymmetric information in the financial system (*Money, Banking, and Financial Markets* ch. 7)
   - The banking industry (*Money, Banking, and Financial Markets* ch. 8)
   - The business of banking (*Money, Banking, and Financial Markets* ch. 9)
   - Bank regulation (*Money, Banking, and Financial Markets* ch. 10)

4. Money and the Economy (3-4 lectures)
   - Short-run economic fluctuations (*Money, Banking, and Financial Markets* ch. 12)
   - Economic fluctuations, monetary policy, and the financial system (*Money, Banking, and Financial Markets* ch. 13)

5. Monetary Policy (5-6 lectures)
   - Policies for economic stability (*Money, Banking, and Financial Markets* ch. 15)
   - Monetary institutions and strategies (*Money, Banking, and Financial Markets* ch. 16)
   - Financial crises (*Money, Banking, and Financial Markets* ch. 18)
IMPORTANT DATES FOR FALL 2018

Tuesday, January 15th First day of classes for graduate and undergraduate students
Monday, January 21st MLK Holiday
Wednesday, September 5th Last day for schedule change
Friday, February 8th Degree application closes
Mon-Fri, March 11th-15th Spring Break (no classes)
Monday, March 25th Pre-registration begins for Fall 2019
Monday, April 29th Last Day of Classes, Emory College
April 30th-May 10th Final Exam Days

DISCLAIMER

At certain points in the course it may make good sense to modify the course content described in this syllabus. The instructor reserves the right to modify elements of the course and will notify students accordingly (in class and post any changes in the course website).