Monetary Economics (L12417)

Lecturer: Dr. Teo Wing Leong  
Contact details: WingLeong.Teo@nottingham.edu.my

Module Aims and Objectives

**Education Aims:** The key aims of the module are:
- to build on core macroeconomic understanding to explore monetary economics;
- to study in detail various topical issues in the field of monetary economics;
- to give students a comprehensive grasp of underpinnings of monetary policy analysis.

**Learning Outcomes:** On completing this module, the learning outcomes are such that students will be able to:

a. Knowledge and understanding
   - show knowledge of the role of money in the macroeconomy;
   - demonstrate understanding of the channels of transmission of monetary policy;
   - study monetary economics at a more advanced level.

b. Intellectual skills
   - show appreciation of monetary policy choices and objectives, and of the conduct of monetary policy in a macroeconomic context.

c. Professional/ practical skills
   - show the ability to develop and evaluate monetary policy models.

d. Transferable (key) skills
   - show good communication skills in seminars;
   - display the ability to effectively work in teams in seminars;
   - show good writing skills in the final examination.

Emphasised learning outcomes from the study of this module are:

A2 - Apply core economic theory and economic reasoning to applied topics.  
A4 - Demonstrate understanding of verbal, graphical, mathematical and econometric representation of economic ideas and analysis, including the relationship between them.  
B4 - Perform with high levels of accuracy.  
C3 - Justify conclusions using economic arguments with appropriate rigour.  
D2 - Communicate effectively and clearly in written and oral formats.  
D4 - Show that you can work effectively in a team.

Module Downloads

Lecture slides and other material for this module can be found on WEBCT at http://webct.nottingham.ac.uk/webct/entryPageIns.dowebct. This is restricted to registered students only.

Lectures and Tutorials

Lectures: 2 hours per week. Seminars at the end of the semester involving three sessions and one presentation.
Module Assessment

Method of Assessment: 1.5 hour written exam (75%) plus Presentation and Group Essay of 1800 words (25%)
Lecture 3 Overview of the financial system

Mishkin ch 2, 12
Hubbard ch 3
Howell and Bain, ch 1, 2, 3

Lecture 4 What financial companies do.

Mishkin ch 2
Hubbard ch 12

Lecture 5 Banks and banking.

Mishkin ch 10
Hubbard ch 13
Howell and Bain, ch 12

Lecture 6 Economics of banking and finance.

Mishkin ch 8
Hubbard ch 11

Presentation speech of Nobel Prize in Economics to George Akerlof
http://www.nobelprize.org/nobel_prizes/economics/laureates/2001/


Lecture 7 Interest rates and financial markets.

Mishkin ch 4, 5
Hubbard ch 4, 6

Lecture 8 Portfolio allocation and choice I.

Mishkin ch 19
Hubbard ch 5

Presentation speech of Nobel Prize in Economics to James Tobin

Presentation speech of Nobel Prize in Economics to Harry Markowitz
Lewis and Mizen, ch 6

*Lecture 9 Portfolio allocation and choice II.*

Mishkin ch 19
Hubbard ch 5

Howell and Bain, ch 8
Lewis and Mizen, ch 6

*Lecture 10 Monetary policy.*

Mishkin ch 6, 13, 14
Hubbard ch 17, 18, 20

Howell and Bain, ch 9,10

*Lecture 11 Monetary policy and interest rates.*

Mishkin ch 15
Hubbard ch 20

Bank of England’s balance sheet
http://www.bankofengland.co.uk/markets/balancesheet/

Bank Negara Malaysia’s balance sheet

*Lecture 12 Objectives of monetary policy.*

Mishkin ch 16
Hubbard ch 21

‘Monetary policy ten years on’ (Mervyn King) Lecture at LSE

*Lecture 13 The monetary policy record.*

Mishkin ch 16
Hubbard ch 21

Presentation speech of Nobel Prize in Economics to Milton Friedman


*Lecture 14 Money and output.*

Mishkin ch 23
Hubbard ch 26

Walsh, *Monetary Theory and Practice*, MIT Press. ch 1

*Lecture 15 Money and inflation.*

Mishkin ch 24
Hubbard ch 28


**Lecture 16 Rational expectations.**

Mishkin ch 25
Hubbard ch 26

Presentation speech of Nobel Prize in Economics to Robert Lucas


Lewis and Mizen, ch 9

**Lecture 17 New Keynesian models.**

Mishkin ch 25
Hubbard ch 26


**Lecture 18 Information, policy and monetary transmission.**

Mishkin ch 23
Hubbard ch 27

Presentation speech of Nobel Prize in Economics to Finn Kydland and Edward Prescott

Plagiarism

Students are reminded that plagiarism is a very serious academic offence and that they should refer back to their Student Handbook for confirmation of what it is and the penalties for committing it. Students are further reminded that they have signed a declaration acknowledging that they understand the nature of the offence and the attendant penalties.

Those students taking this module from outside the School should consult with the lecturer who will provide a copy of the relevant pages from the School's Student Handbook and a declaration form which they must sign.