

**ECO 309: Course Syllabus**  
**Spring 2003**

Course Title: **Money, Banking and Advanced Macroeconomic Theory**

Meetings: 9:30-10:45 Tuesday and Thursday

Text: Frederic S. Mishkin, the Economics of Money, Banking, Financial Markets, 6th Edition Update, Addison-Wesley, 2003.  
Wall Street Journal

Instructor: **Dr. Sheena Bunnell**

Office: Room 312 Roberts Learning Center

Hours: Tuesday 12:15-2:15 and/or by Special Appointment. I will also be posting special office hours on Black Board on a regular basis to provide you with further assistance.

Purpose: I would highly encourage students to come and meet with me individually and discuss questions that you might have about the course or its material. I will be glad to meet with you at your convenience.

E-Mail: [sbunnell@maine.edu](mailto:sbunnell@maine.edu). Please feel free to reach me electronically during the semester and I will do my best to get back to you as soon as possible.

Grading: Your grade for this course will be based on my evaluation of your work. I will take an average of your grade in the following categories:

Grading Categories	Percentage
Mid Term Exam I	25%
Mid Term Exam II	25%
Final Exam	25%
Stock Portfolio	10%
Article Analysis and Presentation	10%
In Class Group Assignments	5%

**Exams** may cover any of the material covered in class and may include assignments that are discussed with you during the semester.

**Stock Market Analysis** will be undertaken by each of you individually. Stock prices are published daily and are available online and in the Wall Street Journal.

1) The following will be collected by you on a **daily basis** and entered into an Excel spreadsheet: closings of the DJIA, S&P 500, NASDAQ, 5 year and 10 year U.S. Treasury Bond rates. Please graph each variable noted above separately for my review at the end of the semester.

2) Please pick any 3 stocks of your choice and starting on January 30, 2003 please follow these stocks on a **weekly basis**. The following data will be entered by you into an Excel spreadsheet that pertains to your stocks: name of the stock, YTD % change, PE ratio, 52 weeks high and low, closing price (Thursday). Please graph these variables over time. At the end of the semester I will ask you to evaluate your stocks performance against the performance of the DJIA, S&P 500 and NASDAQ and other economic variables such as the Fed Funds rate, unemployment rate, CPI etc. This can be accomplished with a two page single spaced write-up excluding the graphs. The objective is for you to use sound economic judgement in creating and evaluating your stock portfolio.

**Article Analysis and Presentation** each student will be writing one short analysis paper during the Spring 2003 semester. I will have a sign up sheet posted outside my office during mid semester as to give you an opportunity to be prepared to present your article analysis to your peers. You may choose to present the article anytime during the course of the semester. The following will be the general format for you to follow as you write the paper.

(1) You will be obtain an article from a well-known newspaper, magazine or journal.

(2) You will present to your class your assignment in the following format:

(a) The key characteristics of this article in about one page.

(b) Apply as many models as possible that were discussed in class when you present this information to your client. This should constitute about three pages.

(c) Conclusion and Policy Recommendations should take up about one page.

(3) The analysis should be no more than 5 computer-typed pages and should be in a standard paper format. I would highly recommend the inclusion of tables, graphs, and charts, and these will not count towards your five pages.

(4) You will be required to use outside sources to complete your analysis. These should be fully documented and will appear as part of the bibliography.

(5) Your grade on this assignment will be determined in part based on the quality of your paper as is reflected in terms of: content, analysis, and grammar.

(6) Your professional presentation of the article information to your peers will constitute the rest of your grade (5 percent) toward this section. I will expect you to use a power point slide show with graphs and charts during your presentations. Each student's presentation will last approximately 5-7 minutes. This means that you have to put your best foot forward and make quite an impression fairly quickly!

**In Class Group Assignments** Students will be assigned to a study group during the first week of class. Each week I will assign every group with homework problems that will enable you to engage in active group dynamics.

**Course Objectives** this course is designed to show students that:

- Money and banking is an exciting field of study as it focuses on economic occurrences that affect every day life.
- The study of Monetary Policy presents the students with many real-world examples, and enables them to understand how the Fed's policy tools function.
- It enables students to gain a better understanding of the macro economic environment
- The major economic variables have an impact on both domestic and foreign economic policy and the Fed is constantly examining these variables to conduct its monetary policy.

#### Academic Dishonesty

Academic dishonesty is a serious breach of educational integrity and includes plagiarism, as well as cheating on assignments, quizzes, tests, and examinations. It is also dishonest for students to use their own work (new or old) for more than one course without getting explicit permission from both instructors or from the UMF instructor if the work was used at another school. The penalty for such behavior in this course will result in a failing grade for the work/exam in question. The Student Conduct Committee will also be notified of the case.

#### Accommodation for Disabilities

If you have a disability that requires special accommodations to meet the expectations of this course, please inform the instructor as early in the semester as possible. Also see Claire Nelson in the Office of Students with Disabilities, 4<sup>th</sup> floor of Merrill Hall, ext. 7295 to obtain assistance and written documentation.

## Reading Assignments:

Date 2003	Assignment
January 21	Introduction Chapter 1 and Overview of the Syllabus
January 23	Overview of the Financial System Chapter 2
January 28	What is Money? Chapter 3
January 30	Understanding Interest Rates Chapter 4
February 4	Understanding Interest Rates Chapter 4 (continued)
February 6	The Behavior of Interest Rates Chapter 5
February 11	The Behavior of Interest Rates Chapter 5 (continued)
February 13	The Risk and Term Structure of Interest Rates Chapter 6
February 25	Theory of Rational Expectations and Efficient Capital Markets Chapter 27
February 27	Review
<b>March 4</b>	<b>MID TERM EXAM # 1</b>
March 6	The Banking Firm and the Management of Financial Institutions Chapter 9
March 11	Banking Industry: Structure and Competition Chapter 10
March 13	Structure of the Federal Reserve System Chapter 14
March 18	Multiple Deposit Creation Chapter 15
March 20	Determinants of Money Supply Chapter 16
March 25	Determinants of Money Supply Chapter 16 (continued)
March 27	Tools of Monetary Policy Chapter 17
April 1	Conduct of Monetary Policy Chapter 18
April 3	Conduct of Monetary Policy Chapter 18 (continued)
April 8	Review
<b>April 10</b>	<b>MID TERM EXAM # 2</b>
April 15	Aggregate Demand and Supply Analysis Chapter 24
April 17	Aggregate Demand and Supply Analysis Chapter 24 (continued)
April 29	Transmissions Mechanisms of Monetary Policy: The Evidence Chapter 25
May 1	Money and Inflation Chapter 26
May 6	Presentations
May 8	Presentations
<b>May 12-16</b>	<b>Finals Week</b>

