Course Description:

This course is intended to discuss the link between financial system, monetary policy and the macro economy, with an emphasis placed on the role that financial markets and financial institutions play in the domestic and global business environment. This course begins with discussing measurements of macroeconomics and financial markets, including GDP, inflation, unemployment, interest rates, and money supply. Then, the course explores a variety of topics related to the fundamental concepts of monetary policy and financial system and the current events often covered in the media. Since the course emphasizes application and interpretation, students will engage in the statistical analysis of actual data from diverse sources to explore empirically how monetary policy affects financial markets.

Prerequisites: ECON 5336 or ECON 6317 with intellectual curiosity and strong willingness to learn.

Student Learning Outcomes:

Upon completion of this course, students will be
(1) acquainted with the sources of data for macroeconomics and finance;
(2) familiar with the contemporary issues in monetary policy and financial markets and institutions;
(3) capable of making a basic analysis of economic and financial data by using econometric software such as Eviews or Stata;
(4) able to present analysis results to audience in a professional manner.

Course Material

1. Textbooks:

Though there is no one textbook exactly matches the material covered in class, the following textbook is the closest to our course objectives.

2. Other useful course materials include:

(1) The media
   The Economist Magazine (www.economist.com)
   The Wall Street Journal (www.wsj.com)
   Business Week (www.bloomberg.com/businessweek)
   Financial Times (www.ft.com)

(2) Central Banks
   BOG (http://www.federalreserve.gov/)
   FRB Chicago (https://www.chicagofed.org/)
   FRB Dallas (http://www.dallasfed.org/)
   FRB New York (https://www.newyorkfed.org/)
   FRB San Francisco (http://www.frbsf.org/)
   FRB St. Louis (https://www.stlouisfed.org/)
   IMF (http://www.imf.org/external/index.htm)
   BIS (https://www.bis.org/)
   Bank of England (http://www.bankofengland.co.uk/Pages/home.aspx)
   People’s Bank of China (http://www.pbc.gov.cn)
   Bank of Japan (https://www.boj.or.jp/en/)
   The first 100 years of the Fed

(3) Data sources
   FRED (https://research.stlouisfed.org/fred2/)
   Bureau of Economic Analysis (www.bea.gov)
   IMF Data (http://www.imf.org/en/Data)
   OECD Database (https://data.oecd.org/)
   The World Bank database (http://data.worldbank.org/)
   Quandl (https://www.quandl.com/)

(4) Statistical packages
   R (https://www.r-project.org/)
   Excel online (https://office.live.com/start/Excel.aspx)
   EViews (http://www.eviews.com/home.html)
   Stata (http://www.stata.com/)
   GAUSS (http://www.aptech.com/)
   Matlab (http://www.mathworks.com/products/matlab/)

Course Website:

The course website is available in the UTA Blackboard interface (http://elearn.uta.edu). Since
the website will serve as a storehouse of course information (course syllabus, course materials,
announcements, links to relevant websites, practice problems and answer keys, and grade
information, etc.), it is your responsibility to check the course website as often as you can.
Course Requirements and Grading Policy:

<table>
<thead>
<tr>
<th>Evaluations</th>
<th>Date</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homework</td>
<td>Four assignments (TBA)</td>
<td>24 percent</td>
</tr>
<tr>
<td>Mid-term</td>
<td>March 4, Monday (tentative)</td>
<td>23 percent</td>
</tr>
<tr>
<td>Final exam</td>
<td>May 6, Monday (8:15-10:45 pm)</td>
<td>23 percent</td>
</tr>
<tr>
<td>Current event report</td>
<td>TBA</td>
<td>5 percent</td>
</tr>
<tr>
<td>Research project</td>
<td>See the table on the last page</td>
<td>20 percent</td>
</tr>
<tr>
<td>Class participation</td>
<td>Throughout the semester</td>
<td>5 percent</td>
</tr>
</tbody>
</table>

- **COURSE GRADE:** Your course grade will be given based on the *weighted* average of the exams and quizzes using the formula of

  Your total score = average homework score × 0.24 + mid-term score × 0.22 + final exam score × 0.22 + current event report score × 0.05 + research project score × 0.22 + class participation score × 0.05.

  Letter grades then will be given according to the following scale:

  A = 90.0 and above  C = 70.0 - 79.9  F = 59.9 and below
  B = 80.0 - 89.9    D = 60.0 - 69.9

- **EXAMS:** Due to the inherent unfairness, there will be *no make-up exam* unless you miss an exam for a valid reason (see below for the penalty waivers). *If there is any question about the grading of the mid-term examination, you have one week to submit the examination with a specific issue after the examination is returned.* The Final Exam will *not* be cumulative. You must take the final to receive a course grade.

- **CURRENT EVENT REPORT:** Each student is expected to give one 10 minute presentation of examples or news of current topics that relate to the main theme of this course. Suggested sources for the story: The Economist, Wall Street Journal, Financial Times, Business Week, Fortune, etc. A printed summary of your report that includes the event’s relevance to monetary policy and financial system should be turned in at the beginning of the presentation.

- **PENALTY WAIVERS:** I will waive the penalty on a missed exam only for the following reasons on condition that you provide me a valid document. (only for one mid-term exam).

  (a) You have a valid medical excuse (doctor’s medical statements in official coverletter with signature are required)
  (b) you are a student athlete traveling to competition
  (c) you are in the armed forces reserves and are called out of town
  (d) family emergencies.

- **When I grade exam answers you EARN points – you do not LOSE points.** You start every exam with a zero (not 100) and build your points upon what is included on the exam.
• There will be no bargaining for grades. Also, there will be no post-course opportunity to do "extra work" to raise your grade. But, the instructor reserves the right to adjust final course grades based upon class participation.

Expectations for Out-of-Class Study:

Beyond the time required to attend each class meeting, students enrolled in this course should expect to spend at least an additional 9 hours per week of their own time in course-related activities, including reading required materials (before and after each class), completing assignments, preparing for exams, etc.

Grade Grievances:

You have one calendar year from the date the grade is assigned to initiate any grievance. The normal academic channels are department chair, academic dean, and the Provost.

Drop Policy:

Students may drop or swap (adding and dropping a class concurrently) classes through self-service in MyMav from the beginning of the registration period through the late registration period. After the late registration period, students must see their academic advisor to drop a class or withdraw. Undeclared students must see an advisor in the University Advising Center. Drops can continue through a point two-thirds of the way through the term or session. It is the student's responsibility to officially withdraw if they do not plan to attend after registering. **Students will not be automatically dropped for non-attendance.** Repayment of certain types of financial aid administered through the University may be required as the result of dropping classes or withdrawing. For more information, contact the Office of Financial Aid and Scholarships (http://wweb.uta.edu/aoao/afao/). **(March 29, 2019 is the last day to drop. ABSOLUTELY NO DROPS AFTER THE OFFICIAL LAST DAY TO DROP)**

Academic Integrity:

Students enrolled in this course are expected to adhere to the UT Arlington Honor Code:

>I pledge, on my honor, to uphold UT Arlington’s tradition of academic integrity, a tradition that values hard work and honest effort in the pursuit of academic excellence.

>I promise that I will submit only work that I personally create or contribute to group collaborations, and I will appropriately reference any work from other sources. I will follow the highest standards of integrity and uphold the spirit of the Honor Code.

UT Arlington faculty members may employ the Honor Code in their courses by having students acknowledge the honor code as part of an examination or requiring students to incorporate the honor code into any work submitted. Per UT System Regents’ Rule 50101, §2.2, suspected violations of university’s standards for academic integrity (including the Honor Code) will be referred to the Office of Student Conduct. Violators will be disciplined in accordance with
University policy, which may result in the student’s suspension or expulsion from the University. Additional information is available at [https://www.uta.edu/conduct/](https://www.uta.edu/conduct/). Faculty are encouraged to discuss plagiarism and share the following library tutorials [http://libguides.uta.edu/copyright/plagiarism](http://libguides.uta.edu/copyright/plagiarism) and [http://library.uta.edu/plagiarism/](http://library.uta.edu/plagiarism/).

Disability Accommodations:

UT Arlington is on record as being committed to both the spirit and letter of all federal equal opportunity legislation, including *The Americans with Disabilities Act (ADA)*, *The Americans with Disabilities Amendments Act (ADAAA)*, and *Section 504 of the Rehabilitation Act*. All instructors at UT Arlington are required by law to provide “reasonable accommodations” to students with disabilities, so as not to discriminate on the basis of disability. Students are responsible for providing the instructor with official notification in the form of a *letter certified* by the Office for Students with Disabilities (OSD). Only those students who have officially documented a need for an accommodation will have their request honored. Students experiencing a range of conditions (Physical, Learning, Chronic Health, Mental Health, and Sensory) that may cause diminished academic performance or other barriers to learning may seek services and/or accommodations by contacting: [The Office for Students with Disabilities, (OSD)](http://www.uta.edu/disability) [www.uta.edu/disability](http://www.uta.edu/disability) or calling 817-272-3364. Information regarding diagnostic criteria and policies for obtaining disability-based academic accommodations can be found at [www.uta.edu/disability](http://www.uta.edu/disability).

Counseling and Psychological Services (CAPS) [www.uta.edu/caps/](http://www.uta.edu/caps/) or calling 817-272-3671 is also available to all students to help increase their understanding of personal issues, address mental and behavioral health problems and make positive changes in their lives.

Non-Discrimination Policy:

*The University of Texas at Arlington does not discriminate on the basis of race, color, national origin, religion, age, gender, sexual orientation, disabilities, genetic information, and/or veteran status in its educational programs or activities it operates. For more information, visit [uta.edu/eos](http://uta.edu/eos).*

Title IX Policy:

The University of Texas at Arlington (“University”) is committed to maintaining a learning and working environment that is free from discrimination based on sex in accordance with Title IX of the Higher Education Amendments of 1972 (Title IX), which prohibits discrimination on the basis of sex in educational programs or activities; Title VII of the Civil Rights Act of 1964 (Title VII), which prohibits sex discrimination in employment; and the Campus Sexual Violence Elimination Act (SAVE Act). Sexual misconduct is a form of sex discrimination and will not be tolerated. For information regarding Title IX, visit [www.uta.edu/titleIX](http://www.uta.edu/titleIX) or contact Ms. Jean Hood, Vice President and Title IX Coordinator at (817) 272-7091 or jmhood@uta.edu.

Campus Carry:

Effective August 1, 2016, the Campus Carry law (Senate Bill 11) allows those licensed individuals to carry a concealed handgun in buildings on public university campuses, except in locations the University establishes as prohibited. Under the new law, openly carrying handguns is not
allowed on college campuses. For more information, visit http://www.uta.edu/news/info/campus-carry/

Student Support Services:

UT Arlington provides a variety of resources and programs designed to help students develop academic skills, deal with personal situations, and better understand concepts and information related to their courses. Resources include tutoring, major-based learning centers, developmental education, advising and mentoring, personal counseling, and federally funded programs. For individualized referrals, students may visit the reception desk at University College (Ransom Hall), call the Maverick Resource Hotline at 817-272-6107, send a message to resources@uta.edu, or view the information at http://www.uta.edu/universitycollege/resources/index.php.

Emergency Exit Procedures:

Should we experience an emergency event that requires us to vacate the building, students should exit the room and move toward the nearest exit. When exiting the building during an emergency, one should never take an elevator but should use the stairwells. Faculty members and instructional staff will assist students in selecting the safest route for evacuation and will make arrangements to assist individuals with disabilities.

Electronic Communication:

UT Arlington has adopted MavMail as its official means to communicate with students about important deadlines and events, as well as to transact university-related business regarding financial aid, tuition, grades, graduation, etc. All students are assigned a MavMail account and are responsible for checking the inbox regularly. There is no additional charge to students for using this account, which remains active even after graduation. Information about activating and using MavMail is available at http://www.uta.edu/oit/cs/email/mavmail.php.

When you contact me via e-mail, please make sure that your full name with proper capitalization and ECON 5327 appear in the ‘Sender’ and in the ‘Subject’ line. Due to the concern on computer viruses, I often delete suspicious e-mails without even opening them. Questions emailed to me related to course material will be answered by email in the earliest manner and possibly distributed to all students in the class anonymously.

Student Feedback Survey:

At the end of each term, students enrolled in face-to-face and online classes categorized as “lecture,” “seminar,” or “laboratory” are directed to complete an online Student Feedback Survey (SFS). Instructions on how to access the SFS for this course will be sent directly to each student through MavMail approximately 10 days before the end of the term. Each student’s feedback via the SFS database is aggregated with that of other students enrolled in the course. Students’ anonymity will be protected to the extent that the law allows. UT Arlington’s effort to solicit, gather, tabulate, and publish student feedback is required by state law and aggregate results are posted online. Data from SFS is also used for faculty and program evaluations. For more information, visit http://www.uta.edu/sfs.
Final Review Week:

A period of five class days prior to the first day of final examinations in the long sessions shall be designated as Final Review Week. The purpose of this week is to allow students sufficient time to prepare for final examinations. During this week, there shall be no scheduled activities such as required field trips or performances; and no instructor shall assign any themes, research problems or exercises of similar scope that have a completion date during or following this week unless specified in the class syllabus. During Final Review Week, an instructor shall not give any examinations constituting 10% or more of the final grade, except makeup tests and laboratory examinations. In addition, no instructor shall give any portion of the final examination during Final Review Week. During this week, classes are held as scheduled. In addition, instructors are not required to limit content to topics that have been previously covered; they may introduce new concepts as appropriate.

Classroom Protocol (DOs and DO NOTs):

Because lots of (exciting and interesting) materials are going to be covered in a short period of time, it is vital for all of us to cooperate in using the given time as efficiently as possible.

- **BE ON TIME** to every class meeting and conduct yourself appropriately when the class is called to order. I expect students to sit the entire class. If you need to leave class early, please let me know before the class starts and seat yourself close to the door.
- **DO** check the course website on a regular basis.
- **DO** ask questions and ask me to slow down if I’m going too fast or if material is not clear.
- **DO** help out the class by initiating and participating in class discussion. I will frequently call on students to discuss course topics. Please help us maintain a pleasant, scholarly atmosphere. Your questions and comments during class help not only yourself, but others to learn and understand. **Active class participation** will be appreciated and reflected in your grade positively in the event that a student is on the border between grades.
- **DO** seek out help early if you are having problems. I will be available outside office hours if you email or call me in advance so as to schedule a mutually convenient time.
- **DO** prepare for this class at least twice a week by reviewing your notes, recopying your notes, supplementing notes with text material, working with other students, and coming to my office hours or emailing me questions about the material. Your study habits, attitudes toward course work, strategies for preparation for class and for performance may need to change if you would like to see an improvement in your performance in this course and in other courses in general.
- **Do NOT** talk amongst yourselves, play palm pilot, play computer, or read the newspaper during class. If you need to use computer for note-taking purpose, you are supposed to get me a notice from doctors.
- **DO NOT** involve in academic misconduct. Academic misconduct includes, but not limited to, giving or receiving information during an exam, submitting plagiarized work for academic requirements or submitting altered documentation.
# Course Schedule (tentative)

<table>
<thead>
<tr>
<th>Week</th>
<th>Topics</th>
<th>Reading List</th>
</tr>
</thead>
</table>
| 1/14  | • Introduction of the course  
        • Data sources, data uses, and statistical packages  
        • Measurements of macroeconomics and financial markets | Refer to p.2          |
| 1/28  | • Measurements of macroeconomics and financial markets  
        • Output, inflation, and monetary policy  
        • Understanding business cycle fluctuations  
        • Forecasting macroeconomic variables | Chaps 21 & 22         |
| 2/4   | • Financial markets and institutions  
        • Money and payment system | Chaps 2-3             |
| 2/11  | • Future value, present value, and interest rates  
        • Bonds, bonds prices, and the determination of interest rates | Chaps 4 & 6           |
| 2/18  | • The risk and term structure of interest rates  
        • Forecasting money supply and interest rates | Chap 7                |
| 2/25  | • Stock market and monetary policy  
        • FOREX market and monetary policy  
        • Forecasting financial variables | Chaps 8 & 10          |
| 3/4   | • Mid-term exam                                                         |                       |
| 3/18  | • The economics of financial intermediation  
        • B/S of banks | Chaps 11              |
| 3/26* | • Banks and bank management  
        • Shadow banking | Chaps 12              |
| 4/1   | • Central banks in the world  
        • The Federal Reserve and the ECB | Chaps 15 & 16         |
| 4/8   | • Monetary policy transmission mechanism  
        • Central bank balance sheet and the money supply process | Chap 17               |
| 4/15  | • Monetary policy and housing markets  
        • Monetary policy: stabilizing the domestic economy  
        • Forecasting housing price and rents | Chap 18               |
| 4/22  | • Money growth, money demand, and modern monetary policy | Chap 20               |
| 4/29  | • Project presentations                                               |                       |
| 5/8   | • Final exam (8:15-10:45 pm)                                           |                       |

*At 2pm on Tuesday (COB 154) for the joint session with the speakers from the FDIC.
Research Project

As a firm believer that we can learn more by doing, I require this research project assignment. Its main goal is to provide students with an opportunity to develop their understanding of course subjects by identifying and exploring a topic of interest that is related to our class material. You can pursue any topic of your choice, but subject to my approval. By applying the skills and techniques to actual data and problems and by presenting the research results in the class, students are expected to have better understanding of the course materials and to enhance their presentation skills that are essential for their future career.

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Due date</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal* (1 page): outlines the research question to address</td>
<td>March 18</td>
<td>10%</td>
</tr>
<tr>
<td>Data summary* (1 page): details about the data you collected and use.</td>
<td>March 25</td>
<td>10%</td>
</tr>
<tr>
<td>Initial results* (with tables and figures and interpretations of some major results you found)</td>
<td>April 8</td>
<td>20%</td>
</tr>
<tr>
<td>Paper* (10-15 pages including references)</td>
<td>April 26</td>
<td>25%</td>
</tr>
<tr>
<td>Presentation (with 10 minute time limit followed by 2-3 minute Q&amp;A)</td>
<td>April 29</td>
<td>35%</td>
</tr>
</tbody>
</table>

* Double-spaced with standard font and margins.

Some suggested topics include (though not limited to),
- Trade war and the U.S. financial market.
- The future of currency.
- Central bank digital money and monetary policy.
- Shadow banking and future financial crisis.
- Student loans and financial crisis.
- The predictive power of yield curve on future business cycle.
- The Fed’s independence under the Trump administration.
- The challenges faced by the central bankers.
- On the effect of negative interest rate policy.
- Shrinkage of central bank balance sheet.
- Inflation control and inflation targeting.
- Financial market and the Fed’s monetary policy.