

Macro-Financial Economics

Course Name	Course type (credit/hours)	Elective course(3/3)			Course code	I110
	Target students Division/major/grade	Financial Engineering/Junior			Opening semester	2020 1ST SEMESTER
	Class time and classroom	Mon B(Da406)Thu B(Da406)			English Grade	A(100%English)
Reference to this course	Prerequisite courses	Principles of Economics				
	Related basic courses	Financial Management				
	Recommended concurrent courses	Macroeconomics, Money and Banking				
	Related advanced courses	Financial Economics				
Instructor	Name (title/division)		Yoo, Jae-in(Associate Professor, Financial Engineering)			
	Office Room Number	다산관407-1호	Office phone Number	3670	e-mail	
	Office hours			Homepage address		
Teaching Assistant	Name (title/division)					
	Office Room Number		Office phone Number		e-mail	

1. Introduction

The main objective of this course is to provide the core concepts about the economics of money, banking, and financial markets. We focus on finance, covering the interest rates, monetary market and policy mechanism. We also discuss a representative agent's optimization problem based on his intertemporal choice. To understand the role of monetary authority including the Bank of Korea and the Federal Reserve, the course introduces the IS-LM model and the open-macro market. In this course, we also have a comprehensive discussion of monetary theory including searching and matching and monetary & fiscal policies. The chapter on the subprime mortgage crisis is included for us to learn a series of events that have completely changed the structure of the financial system and the way central banks operate. Along with the discussion on financial crises, the course provides a quick introduction to futures, options, and (credit default, exchange rate) swaps. Finally, we learn on the determination of exchange rates that has always been challenging for some students.

2. Course Objectives

Over the course, we go through chapters that lead us to understand interest rates, their behaviors, risks, and the term structure of interest rates. We also devote some classes for central banking system and the money supply process before studying international finance and monetary policy. At the end of the semester, the student will be able to provide an overview of the financial system, to explain the value of money and to use simple models to explain investors' decision, in their intertemporal problem in particular. Our discussion may include the economic events of the past few years, such as the problems in the subprime mortgage crisis and European financial crises. At the end of the final section, the student will understand the interest rate, exchange rate, monetary policies and their impacts on macroeconomy.

3. Class types and activities

I will use Blackboard extensively during the semester and will post announcements, lecture notes, and newspaper articles. Also I will post sample exams with answers to help with your exam preparation. We are covering many of the chapters in the book. Among a lot of materials and, over the course of the semester, I will be specific about what materials is subject to examination. The homework assignment is designed to ensure that students know how to access and graph basic macroeconomic/financial data and interpret financial information from various sources.

4. Teaching Method

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|---|---|
| <input checked="" type="checkbox"/> lecture | <input checked="" type="checkbox"/> discussion and debate |
| <input checked="" type="checkbox"/> team project(presentation and case studies) | <input type="checkbox"/> experiments(role-playing,etc) |
| <input type="checkbox"/> designing and production | <input type="checkbox"/> on-site learning(on-site training) |
| <input type="checkbox"/> others | |

5. Support Systems in Use

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|--|---|---|
| <input checked="" type="checkbox"/> AjouBb | <input type="checkbox"/> automatic recording system | <input type="checkbox"/> web-based assignment |
| <input type="checkbox"/> cyber lecture | <input type="checkbox"/> online content | |
| <input type="checkbox"/> class behavior analyzing system | <input type="checkbox"/> others | |

6. Teaching Tools

- | | | |
|---|--|--|
| <input checked="" type="checkbox"/> PBL(Problem Based Learning) | <input checked="" type="checkbox"/> CBL(Case Based Learning) | <input checked="" type="checkbox"/> TBL(Team Based Learning) |
| <input type="checkbox"/> UR(Undergraduate Research) | <input type="checkbox"/> FL(Flipped Learning) | <input type="checkbox"/> DSAL(Data Science Active Learning) |
| <input type="checkbox"/> others | | |

7. Knowledge and ability required for taking this course

A course's prerequisite is simple algebra, and principles of economics.

8. Method of Evaluation

Evaluation Item	The Number of Times	Evaluation Proportion	Remarks
Attendance	5	5	
midterm exam	1	30	
final exam	1	30	
quiz			
presentation			
discussion	4	20	A comprehensive discussion on macroeconomic news articles
homework	4	15	Problem sets (4 in total)
etc			
study hours			

9. Textbook and supplementary material

Main/Sub	Title (Web-site)	Writer	Publisher	Publication year
Main	The Economics of Money, Banking & Financial Markets for Business School	Frederic S. Mishikin	Addison Wesley	2016
Sub	Macroeconomics Policy and Practice	Frederic S. Mishikin	Pearson	2016
Ref.	알기쉬운 경제지표 해설	한국은행	한국은행 통계국	2016
Ref.	거시 금융 경제학	윤택	박영사	2019

10. Class system and Class shedule

<p>The discussion of the reference will be covered based on class handouts. You may refer to the main chapters of</p> <p>1. Mankiew, Gregory N. [2011]. Principles of Macroeconomics, sixth edition, South-Western College Pub.</p> <p>Earlier editions are acceptable.</p>

* language : K-korean, E-English

< Class Schedule >

* language : K-korean, E-English

Weeks	Topics	language	Instructor	Teaching Method	Evaluation Method	Matter to be prepared
1	An Overview of Financial System	E	Yoo, Jae-in	Lecture/Discussion		
2	What is money?	E	Yoo, Jae-in	Lecture/Discussion		
3	Intertemporal Choice and Interest Rates	E	Yoo, Jae-in	Lecture/Discussion		
4	The Risk and Term Structure of Interest Rates	E	Yoo, Jae-in	Lecture/Discussion		
5	Central Banks and the Federal Reserve System	E	Yoo, Jae-in	Lecture/Discussion		
6	The Money Supply Process	E	Yoo, Jae-in	Lecture/Discussion		
7	The Tools of Monetary Policy	E	Yoo, Jae-in	Lecture/Discussion		
8	Midterm Exam	E	Yoo, Jae-in			
9	Monetary Theory: ISLM Model	E	Yoo, Jae-in	Lecture/Discussion		
10	Monetary and Fiscal Policy in the ISLM Model	E	Yoo, Jae-in	Lecture/Discussion		
11	Aggregate Demand and Supply Analysis	K/E	Yoo, Jae-in	Lecture/Discussion		
12	Transmission Mechanisms of Monetary Policy	E	Yoo, Jae-in	Lecture/Discussion		
13	Financial Crisis and Financial Regulation	E	Yoo, Jae-in	Lecture/Discussion		
14	The Foreign Exchange Market	E	Yoo, Jae-in	Lecture/Discussion		
15	The International Finance System	E	Yoo, Jae-in	Lecture/Discussion		
16	Final Exam	E	Yoo, Jae-in			

11. Other items of notification