

MONEY AND CAPITAL MARKETS – SPRING 2012 - ECONOMICS 425, SECTION 001
319 STIPES, T Th 2:00 – 3:15 PM

Department of Economics and Decision Sciences, College of Business and Technology
Accredited by the AACSB International - The Association of Advance Collegiate Schools of Business

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OFFICE HOURS: T Th 9:30 – 11:00 AM, W 10:00 – 12:00 PM, or by appointment.

Course Description: The 1980's, 1990's, and 2008-2010 were periods of sweeping changes in the financial system of the United States and the world. Financial innovation and deregulation were at center stage in the economic field, and almost all financial markets and institutions were affected to some degree. The purpose of this course is to analyze the current changes in the financial institutions' regulation, trends like securitization, and the globalization of the markets. We will also follow the developments in the European Monetary Union and the Euro, and other unfolding domestic and international issues.

Class Procedures: There are no required textbooks for the course; therefore, students are responsible for all the materials covered in the class in addition to the assigned reading.

Pre-requisite: Econ 231 (Principles of Macroeconomics)
Textbook: Recommended: *Money and Capital Markets*, 9th edition, by Rose and Marquis
Financial Derivatives, 2nd edition by Robert Kolb
International Financial Management, 4th edition by C.S. Eun and B. G. Resnick
Pricing and Hedging Interest and Credit Risk Sensitive Instruments, F. Skinner
The Wall Street Journal, Financial Times, Business Week

Grading policy:

Take-Home Assignments (6)	29 points
Short Papers (4)	16 points
Test 1	85 points
Test 2	85 points
Final Exam	85 points
Total	300 points

Your final grade for the course is based on the total number of points that you earn:

A : 270 and above points earned
A- : 268 – 269 points earned
B+ : 266 – 267 points earned
B : 240 - 265 points earned
B- : 238 – 239 points earned
C+ : 236 – 237 points earned
C : 210 - 235 points earned
C- : 208 – 209 points earned
D+ : 206 – 207 points earned
D : 180 - 205 points earned
D- : 178 – 179 points earned
F : 177 and below points earned

In case of Academic Dishonesty (cheating on any of class assignments) the student in question receives the grade of “zero” for the assignment, an automatic “F” grade for the course, and is discharged from the course immediately.

No make up exams will be given unless the student and I made arrangements prior to the test date – i.e., if you will be gone for a university related event or other legitimate reason. I will work with you if and only if you talk to me before the test date. Additionally, the format of the test will be altered for a make up completed after the general class has taken the exam in question.

Final Exam: May 8th, 3:00 – 4:50 PM, room 319

TOPICS TO BE COVERED:

- A. Global Financial System and Markets
- B. The Market for Foreign Exchange
- C. The Money Market and its Instruments: Domestic Versus Global

Test 1

- D. The Central Bank and its Role: the FED and ECB
- E. The Financial Institutions: Structure and Management
- F. Government in Financial Markets and Business Borrowing

Test 2

- G. Interest Rates and Financial Assets
- H. Financial Derivatives

Final Exam

Take-Home Assignments:

There will be **four (4) short papers** (1 typed page each) and **six (6) home works**. In the short papers you will be asked to **discuss** current issues which **are not presented in the lectures** at all. There will be a short paper on each of B, C, D, and E topics. Sources for the papers should be articles from research journals, textbooks and other library books. In each short paper you should give a short description of the subject, discuss the importance of the subject and its relevance to the current lecture topic, and present the summary of all available information on the subject.

Late assignments will not be accepted.

Plagiarism. Plagiarism is a form of academic dishonesty and can result in severe penalties. Plagiarism, for example, includes using sentences from someone else’s writing in your paper without clearly identifying them as someone else’s. **Any paper which is plagiarized in whole or in part will receive a grade of zero, the student in question will receive an automatic “F” grade for the course, and is discharged from the course immediately.**

In accordance with University policy and the Americans with Disabilities Act (ADA), academic accommodations may be made for any student who notifies the instructor of the need for an accommodation and provides documentation through Disability Support Services. It is imperative that you take the initiative to bring such needs to the instructor’s attention, as he/she is not legally permitted to inquire about such particular needs of students. Students who may require special assistance in emergency evacuation (i.e. fire, tornado, etc.) should contact the instructor as to the most appropriate procedures to follow in such an emergency.

Students are expected to attend every class. It is students’ responsibility to keep informed of test dates and homework assignments; absence whether excused or not do not absolve students’ responsibility in this matter.

WEB address for student rights and responsibilities: <http://www.wiu.edu/provost/student/>