EXC 2807 Macroeconomics and Financial Markets

Program
Bachelor in Business Administration - (3. year)

Responsible for the course
Erling Steigum, Arne Jon Isachsen

Department
Department of Economics

Term
According to study plan

ECTS Credits
6

Language of instruction
English

Objective
The students will familiarize themselves with important concepts in Monetary Economics. What factors determine the rate of interest, the rate of inflation and the exchange rate? How do these three prices relate to one another? Although the theory may be fairly simple, logical and straightforward, empirical research tells us that the exchange rates and interest rates quite often behave unpredicatbly, creating challenges for politiicians and central bankers as well as for the agents in financial markets. This course also offers insights into real world phenomena, like the consequences of liberalizing the credit market and allowing capital to travel across borders. Monetary policy in the US, in EU, and in China is also on the agenda.

Prerequisites
Good understanding of basics in Macro and Micro

Compulsory literature
Books:
Mishkin, Frederic S. 2006. The economics of money, banking and financial markets. 8th ed. Boston : Pearson/Addison Wesley

Other:
In addition a few recent articles will be distributed

Recommended literature

Other:
Note that the students are expected to follow quite closely Financial Times and The Economist througout the course
Some recent articles will be referred to

Course outline

1. Money and money markets
2. The term structure of interest rates
3. Fixed and Flexible exchange rates
4. Risk and return in global financial markets
5. Financial intermediation
6. Asset price bubbles
7. Speculative attacks, Financial crises and regulations to promote financial stability
8. The transmission mechanism - or how monetary policy works
9. Inflation targeting
10. Monetary policy in the US, in EU, and in China

Computer-based tools
Computer-based tools are not used in this course.

Course structure
The course is based on 36 teaching hours.

Evaluation
A three hour individual written exam concludes the course.

Evaluation code(s)
EXC 28071 - Written exam accounts for 100% of the final grade in the course EXC 2807 Macroeconomics and Financial Markets, 6 credits.

Aids at the examination
BI-approved exam calculator. Exam aids at written examiniations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary. http://www.bi.edu/studenthandbook/examaids

Makeup exam
A re-sit is normally held at the end of the next course.