



APPLIES TO ACADEMIC YEAR 2010/2011

EXC 2807 Macroeconomics and Financial Markets

Programme

Bachelor in Business Administration (BBA) (3. year)

Responsible for the course

Department

Department of Economics

Term

According to study plan

ECTS Credits

6

Language of instruction

English

Introduction

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 unpredictably, creating challenges for politicians 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 the EU, and in China is also on the agenda.

Prerequisites

Good understanding of basics in Macro and Micro Economics

Compulsory reading

Books:

Mishkin, Frederic S. 2010. The economics of money, banking and financial markets. 9th ed. Boston : Prentice Hall. Kommer med "MyEconLab XL" og får et pakkenummer 9781408245804

Other:

In addition a few recent articles will be distributed

Recommended reading

Other:

Note that the students are expected to follow quite closely Financial Times and The Economist throughout 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.

Examination

A three hour individual written exam concludes the course.

Examination code(s)

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

Examination support materials

BI-approved exam calculator. TEXAS INSTRUMENTS BA II Plus™

Examination support materials at written examinations are specified under exam information in our web-based Student Handbook. Please note the use of calculator and dictionary.

<http://www.bi.edu/studenthandbook/examaids>

Re-sit examination

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

Additional information

Due to changes in our Bachelor Programmes from autumn 2009, there also will be changes in every single course. This course will be taught for the last time in the spring semester of 2011. A re-sit exam will be offered every term including the spring semester of 2013.