

## Brief Course Outline

**Course Title:** **Monetary Economics**

**Course Number and Section:**

ECONOMIC

3371B 550

**Instructor Name(s):** Bo Liu

**Instructor Email(s):** bo.liu@uwo.ca

Disclaimer: Information in the brief course outline is subject to change. The syllabus posted on OWL is the official and authoritative source of information for the course.

### Course Description:

This course provides an introduction to banking, finance, and monetary theory, with a special focus on the fascinating topic of central banking. The primary aim is to deepen your understanding of the roles that financial assets, institutions, and markets play in shaping the economy, as well as the critical influence of monetary policy. Particular attention will be given to Canadian institutions and their unique characteristics. This is a rigorous and intellectually rewarding course that covers key topics such as money, banking, financial markets, and the foundations of monetary theory. You will engage with various models and theories, along with important institutional details, to build a comprehensive understanding of how these elements interact. By working hard in this course, you will gain a solid foundation to explore key interconnections among macroeconomics, monetary theory and policy, financial markets, industrial organization, and asset pricing.

### Learning Outcomes:

- Understand the fundamentals of monetary systems: Explore the creation, circulation, and regulation of money, focusing on the roles of central banks, commercial banks, and financial institutions in maintaining monetary stability.
- Examine central bank policies: Analyze monetary tools such as open market operations, interest rate adjustments, and quantitative easing, and evaluate their effectiveness in addressing inflation, unemployment, and economic growth.
- Evaluate the relationship between central banks and financial markets: Investigate how monetary policy decisions influence interest rates, asset prices, bond yields, and exchange rates, while understanding the feedback loop between market responses and policy adjustments.
- Critically assess central bank communication: Learn to interpret policy statements, speeches, and forward guidance, evaluating their clarity, transparency, and impact on market expectations and public trust.
- Understand the transmission mechanisms of monetary policy: Study how central bank policies affect financial markets, consumer behavior, and investment decisions, and how these changes ripple through the economy.

- Assess the effectiveness of monetary policy during crises: Examine historical and contemporary examples of central bank actions in managing financial crises, stabilizing markets, and supporting economic recovery.
- Focus on Canadian monetary institutions: Gain a deeper understanding of the Bank of Canada's policies, structure, and role, while comparing its approaches to other major central banks like the Federal Reserve and the European Central Bank.
- Develop critical thinking skills in monetary economics: Build the ability to assess real-world monetary challenges, critique policy decisions, and propose solutions that balance economic objectives and market dynamics.

### Textbooks and Course Materials:

Required Textbook: Mishkin, F.S. and A. Serletis, *The Economics of Money, Banking, and Financial Markets*, 8th Canadian edition, Pearson Education Canada Inc., Toronto, 2022

Pearson MyLab (Required):

MyLab with textbook: *The Economics of Money, Banking, and Financial Markets*, 8th Canadian edition

Available here from the online bookstore.

### Methods Of Evaluation:

Assignment	Due Date mm/dd/yy	Weight - %
MyLab Assignments	weekly	10%
Problem Sets	weekly	20%
Midterm Exam 1	02/04/2025	20%
Midterm Exam 2	03/18/2025	20%
Final Exam		30%

In solidarity with the Anishinaabe, Haudenosaunee, Lūnaapéewak, and Chonnonton peoples on whose traditional treaty and unceded territories this course is shared.

Sunday, December 8, 2024