

Economics 029 Money, Banking, and Financial Markets

Lehigh University

Prof. Irina Panovska

Prof. Panovska's Contact Information:

Office: Rauch Business Center (RBC) 457
Phone: 610-758-1068
Email: irp213@lehigh.edu
Office Hours: M 4-5pm, Wednesday 12-2pm
MyEconLab Course ID: **panovska33815**

TA: Qichao Shi
Email: qjs214@lehigh.edu
Office Hours: TBD RBC 211

Course Information:

Course Number: Eco 029
Sections 110-117
Semester: Spring 2018
Lecture (all sections): MW 11:10-12pm

Recitations

Section 110: F 11:10am-12pm
Section 111: F 9:10-10am
Section 112: F 12:10-1pm
Section 113: F 10:10-11am

The recitation room numbers sometimes change during the first two days of class. Check your course schedule for the locations. The course materials and the course calendar are available on Course Site. All homework and quiz assignments are on MyEconLab. You are required to attend the lecture and the recitation section that you are registered for.

Course Description

Economics 029 is a course on the economics of money, banking, and financial markets. We will study the role of financial markets, financial institutions, money, and monetary policy in the economy. In the first part of the class, we will study the role of financial markets with a particular emphasis on bond markets and interest rate determination. The second part of the class will cover central banking and the conduct of monetary policy. In the last part of the class we will study the monetary and macroeconomic theory behind central banking.

Course Objectives

This class has seven main objectives. By the end of the semester, students will be able to:

1. Explain the functions of money and the role of money in the economy.
2. Describe the structure of the banking industry.
3. Understand interest rate calculations; Calculate yields to maturity, explain the difference between yields and returns.
4. Use supply and demand analysis to show how interest rates are determined.
5. Use macroeconomic models to explain how the Federal Reserve influences both domestic and international financial markets and the domestic economy.
6. Explain the importance of money for the macroeconomy.
7. (Broad objective) Build a foundation for further study of macroeconomics and finance and employment in the financial sector. Build a foundation for FIN 125 and the CPA/ CFA exams.

Prerequisites Eco 001 or its equivalent

Course Information and Office Hours

- The course syllabus, class calendar, class announcements, and the class notes are available on Course Site. There will be two weekly lectures (on Monday and Wednesday), and a Friday recitation section (held by my TAs).
- Seeing me or your TA in person during our respective office hours or emailing your TA first is the most efficient way to make sure that your questions are answered as quickly as possible.
- To ensure that your emails do not get lost or end up in my spam folder, you need to start the subject line with

"Eco 029 section number 1##"

where 1## is your section number (110,111,112, or 113). If you do not follow this format your message might end up in my spam folder and I cannot guarantee a timely reply.

- I will be responding to emails during my office hours. If you have a more complicated question that cannot be answered via email in 2-3 sentences, or if you have questions that are not directly related to the course material, stop by during my office hours or contact me to schedule a meeting.

- You can also ask your TA questions during or after the Friday recitation sessions, and during his office hours. You are always welcome to ask questions during my office hours and by email, but there is a significant “positive externality” to asking questions during the recitations: your comments and questions benefit others when they are made during the recitation and you will have the opportunity to discuss class-related issues with your classmates.
- In addition, you will have an opportunity to earn extra credit if you answer your classmates’ questions. You can earn up to 1% additional extra credit from class participation (answering questions in class and in recitations).

Notes, Readings, and Textbooks

- The exams and the assignments will be based on the material discussed in class and on the homework and quizzes. For your convenience, I will post the lecture notes on Course Site before class. The posted lecture notes are an outline of the material covered in class, not a comprehensive review. Not all formulas and examples are included in the posted notes, and I will be covering a number of real-time case studies and current events that will not be in the notes. In short, the posted notes a good outline that you can fill in as you go along, but they are not a substitute for attending class and taking your own notes.

Depending on your learning style:

1. You can take your own notes in class using pen and paper and use the posted notes as a supplement. This approach works best for most students because it automatically forces you to review everything twice as you go along. If you start out using a different note-taking approach and you find yourself struggling when reviewing your notes, I always suggest going back to taking your own notes as a first step.
 2. You can print the posted notes before class and fill in with your own notes based on class discussions (make sure to set the margins wider or to format your printed page appropriately so you have enough space to annotate and add legible comments on the margin).
 3. You can use a tablet and a pdf annotator to fill in the notes. I only recommend this approach if you feel very comfortable with the material, and if you already know you’re doing well in the class. I will be covering a lot of material in a short amount of time. There are many scientific studies that prove that taking notes by typing on a laptop, phone, or tablet hinders the learning process. This is the most eco-friendly approach, but it’s also the approach that leads to worst learning outcomes. I only recommend this approach if you feel really comfortable with the class material. **I suggest that all students start with approach 1 and only move to approach 2 and 3 after getting the first set of grades. Laptops and tablets will not be allowed in class until after the first midterm.**
- Together with the REQUIRED textbook, the lecture notes will serve as your main reference for the course. I will be using Frederic S. Mishkin’s “The Economics of Money, Banking, and Financial Markets” (11th edition 2015; the 10th edition is also acceptable but note that chapter NUMBERS could be different, it is your responsibility to keep track of them). Additionally, you will need to have [MyEconLab](#) access, which contains online study aids and allows completing homework assignments and quizzes. The purchase of a new book usually includes a subscription to MyEconLab, but you should double-check if you are not buying it through the bookstore. If your book does not include MEL, you will have to buy it separately for about \$70.
 - You have three different options when purchasing the textbook
 1. Buy the hard copy of the book+ MEL access+ etext bundle (available at the bookstore, bookstore ISBN 0133862518 9780133862515. This option is more expensive, but recommended for those of you who eventually plan to take the CPA or CFA exams, because you can use the book as a reference.
 2. Buy the MEL +etext bundle (available at the bookstore and on MEL’s website, bookstore ISBN 0134047397 9780134047393. Note that your access to the etext will expire after the semester is over.
 3. Buy only MEL access (available online), and purchase the textbook elsewhere/make alternative arrangements. If you decide to share a hard copy, keep in mind that you need access to the textbook, and that it’s your responsibility to figure out how to timeshare.

Exams

- There will be two midterms (February 26th and April 4th), and a final exam (date TBD, scheduled during finals week). Each midterm will be worth 25% of your grade. The final exam is comprehensive and worth 25% of your grade. All are in-class exams, administered during regular class times.
 - **These are not 4 o'clock exams. They will be held in our regular classroom, during regular class time (11:10am-12pm). You have to take the exam during the assigned time.**
- If you have to miss a midterm due to unforeseen extreme circumstances, such as serious illness, injury, death in the immediate family, jury duty or a Lehigh-sanctioned event such as varsity competition or ROTC training, the comprehensive final will have more weight. For example, if you miss 1 midterm, the final will be worth 50% of your grade, if you have to miss both, the final will be worth 75% of your grade. **You will need to provide a doctor's note or alternative evidence to prove that you had a valid excuse to miss a midterm. If you cannot provide a valid excuse, you will be considered a no-show and you will get a score of 0 for the exam that you missed.**
- If you have to reschedule the final, please contact the Dean of Student's office or refer to the posted matrix on course site. Make up final exams are scheduled by the registrar.
- If you have 4 exams on the same day, you must inform me as soon as possible (by email) before the exam so your other professors and I can arrange make-up exams. It is your responsibility to keep me informed of any problems and scheduling conflicts.
- The date for the final exam is set by the registrar and it is fixed. If you need to reschedule the final, you need to petition the committee on standing of students. The form can be found on course site. Final exam make up requests are reviewed by the university committee. If your petition is approved, the make-up dates are scheduled by the committee.
- If you have a disability for which you may be requesting accommodations, please contact me and the Office of Academic Support Services, University Center 212 (610-758-4152) as early as possible in the semester. The office of Academic Support Services does not directly forward your information to your professors. You need to bring the letter to me in person at least a week before the exams. After I have the letter, I will be happy to accommodate you in any way needed.

Attendance and Participation (5% total)

Attendance (4%)

- Attendance counts for 4% of your grade. There will be 7 random (unannounced) attendance checks administered during lectures and recitations. Most of the attendance checks will be conducted through ungraded quizzes that cover concepts that are usually more challenging for students. You will get full credit as long as you got more than 50% on the attendance quiz, and you will be allowed to ask questions and talk with each other during the attendance quizzes.
- Out of the 7 attendance checks, 4 will count towards your regular attendance grade (1% each, making up 4% of your total grade). This builds in some flexibility, meaning that you can miss up to 3 lectures and still get the full 4%. Any attendance checks beyond the 4 required one will count as 0.33% extra credit. If you miss all 7 attendance checks, you will lose 4% of your grade.
- If you are present for only 1 attendance check, your attendance grade will be 1% of 4%. If you are there for only two attendance checks, your attendance grade will be 2 out of 4%. If you are there for exactly 4 attendance checks, you will get a perfect attendance score. If you are there for 5 out of the 7 attendance checks, you will get a perfect attendance score + 0.33 extra credit. If you are there for 6 out of the 7 attendance checks, you will get a perfect attendance score + 0.66% extra credit. If you are there for all 7 attendance checks, you will get a perfect attendance score +1% extra credit. You cannot earn more than 1% extra credit from attendance.
- If you need to miss class for a valid Lehigh-sanctioned reason, you need to notify me or your TA by email and provide the appropriate documentation to me before class starts and I will count you as being present. The only excuses for missing an attendance check and still being able to get credit are serious illness, injury, death in the immediate family, jury duty, a Lehigh-sponsored event such as varsity competition or ROTC training, or observance of major religious holidays. If you cannot provide a valid documented excuse for missing class and an attendance check, you will not get attendance credit. The built in flexibility allows for missing up to three classes and ensures that your grade will not be hurt because of minor illness.

Participation (1%)

- Each student has to participate in the class or recitation discussions at least once. To get full credit, you have to do a problem on the board or answer a longer question in class or in recitation. The TAs and I will let you know when a question counts towards participation credit. If you participate more than once, you will earn up to 1% extra credit (see below)

- In class and in recitations, the TAs and I will ask volunteers to do questions for participation credit. If nobody volunteers, we will randomly ask one of you to answer the question.
 - You can refuse to answer questions by passing it to your right or to your left. This can only be done once per question. If a person refuses to answer a question, the person next to them will have to answer it.
- You can earn up to 1% extra credit from participating more than once (0.5 pts per question answered). If you participate only once, you will get 1% regular credit and 0% extra credit. If you participate twice, you will get 1% regular credit and 0.5% extra credit. If you participate 3 times, you will get 1% regular credit + 1% extra credit. You cannot get more than 1% extra credit from participation.
- Because the participation grades will be constantly updated, the TAs and I will update them about once a month on course site. If you want to check your most current participation grade between updates, you can check in with me or with your TA during our office hours.
- All extra credit will be calculated after the last recitation. You will be given a week to check for any discrepancies. After the deadline to notify me about any discrepancies has passed, all participation and attendance grades become final.

Homework and Quiz Assignments (20%=10% HW+10% Quizzes)

- There will be weekly assignments, which make up the last 20% of your grade. All homework assignments should be completed through MyEconLab. The course number is **panovska33815**. The instructions for enrollment can be found on Course Site (a MEL representative will also give a demo the first week of class).
- A typical assignment will consist of 2 parts: A homework (HW) (10% total) and a quiz (10% total). The homework assignments test your knowledge of past material (the chapter or chapters covered that week). They will provide instant feedback as well as tutorial information. The homework assignments will be due on Saturdays, 11:59pm. You will get two tries on each homework question, and only the latest try will be graded. Quizzes test your basic knowledge of the following week chapter or chapters (this means that you would have to read them ahead of class schedule). They are unrestricted in time, but should be completed in ONE sitting any time before the due date. Quizzes are due on Sundays, 11:59pm (the night before the Monday lecture). Please see the course calendar for deviations from the Saturday/Sunday pattern.
- There are only two deviations: spring break and Passover/ Good Friday. In both cases the assignments are due at 10am on Monday.
- Note that there is one final review quiz due on Sunday after classes end. This quiz reviews all of the material covered during the semester and you can use it as a good starting point to study for the final.
- The assignments will be posted on Mondays. **The due dates are final and there will be no exceptions.** Because of this lack of flexibility I will drop the 2 lowest quiz grades and the 2 lowest HW grades. **Homework 1 and Quiz 1 will not be graded. All other assignments will be graded.**
- **If you have problems logging on to MyEconLab, contact MyEconLab's technical support before you contact me. The live chat link is on the right-hand-side corner on the MEL website. They will provide an incident number. If you need an extension on the homework because of technical issues with MyEconLab, you need to contact MEL first. You need to forward the email with the incident number before I can grant you an extension.**

Grading

All grades are **final** and **non-negotiable**. The final grades will only be changed if a grade was recorded erroneously. If you believe that a grade was posted erroneously, contact me as soon as possible. The weights used to calculate your final grade are as follows:

1. Homework 10% (Homework 1 is not graded, all other homework assignments are graded, lowest 2 scores for will be dropped)
2. Quizzes 10% (Quiz 1 is not graded, all other quizzes are graded, lowest 2 scores will be dropped).
3. Midterms
 1. Midterm 1: 25% (in class, during our regular class time: February 26th)
 2. Midterm 2 : 25% (in class, during our regular class time: April 4th)
4. Comprehensive final 25%
5. Attendance 4% (your first 4 attendance checks that you're present from will count at 1% each)
6. Participation 1%
7. Up to 1% extra credit from the 3 additional attendance checks (0.33 pt/ per attendance check that you're present after your fourth attendance check)
8. Up to 1% extra credit from participation

I will use the standard Lehigh scale to convert percentage scores to letter grades:

94-100=A	80-83= B-	67-69= D+
90-93= A-	77-79= C+	64-66= D
87-89= B+	74-76 =C	61-63= D-
84-86= B	70-73=C-	<61= F

The midterm grades will be posted on course site a few days after the exams, and you will get your graded exams back in recitation a few days after the exams. The attendance check grades will be posted on course site after each attendance check. The participation grades will be updated once a month. Your homework and quiz grades will be available on MyEconLab. The lowest two HW and Quiz scores will be dropped at the end of the semester.

Tutoring and Extra Help (useful for all classes, not just eco 29)

The [CBE Undergraduate Programs Office](#) helps coordinate tutoring options for students. It is best to seek out tutoring early in the semester and to continue to use it regularly for best results. No matter the GPA, tutoring is a way for students to take proactive action to ensure their success. The [Center for Academic Success](#) offers tutoring in most CBE first-year and sophomore-level core courses free of charge to students. Tutoring begins the third week of classes and continues through the last week of classes every semester. Students have the option of participating in walk-in tutoring at the Center for Academic Success, located in 451 Williams Hall, where upperclass undergraduate students are available on a walk-in basis for specific courses. Weekly group tutoring is another option in which students sign up for a weekly tutoring session (usually no more than six students in a group) with an upperclass undergraduate student. The weekly group tutoring is also course-specific, and students may sign up for tutoring in more than one course. **The CBE Undergraduate Programs Office publishes a [grid](#) outlining the various business tutoring options and times at the beginning of every semester. If you have any questions or concerns about tutoring, please contact Assistant Dean Emily Ford at eaf311@lehigh.edu.**

Midterm Grade

Lehigh requires all professors to report midterm grades for classes that are typically considered first-year classes. The midterm grades that are reported to the register will be a weighted average of your Exam 1 score (75%), your attendance score based on the number of attendance checks before March 10th (5%), the average of HW2-6 (10%) and Quizzes 2-5 (10%). **This grade will not be used to calculate your final grade, it is reported for administrative purposes only.** The final grades will be calculated using the scale outlined above.

University Policies

Accommodations for Students with Disabilities: If you have a disability for which you are or may be requesting accommodations, please contact me and the Office of Academic Support Services, University Center 212 (610-758-4152) as early as possible in the semester. You must have documentation from the Academic Support Services office before accommodations can be granted.

Academic Integrity: Lehigh takes academic integrity very seriously, and each student is expected to complete all academic course work in accordance to the standards set forth by the faculty and in compliance with the University's Code of Conduct. You will not be allowed to use your phones, laptops, iPads or calculators during class or during exams. If I or my TAs suspect dishonesty or cheating, we will report it by immediately filing an Academic Dishonesty Report.

Lehigh's Principles of Our Equitable Community: Lehigh University endorses The Principles of Our Equitable Community (<http://www4.lehigh.edu/diversity/principles>). We expect each member of this class to acknowledge and practice these Principles. Respect for each other and for differing viewpoints is a vital component of the learning environment inside and outside the classroom

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
January 22 Intro, Chapter 1	January 23	January 24 Chapter 2, MEL Demo	January 25	January 26	January 27 HW1: Chs 1,2 Not graded but required	January 28 Quiz1: Ch.4 Not graded but required
January 29 Ch.4	January 30	January 31 Ch.4	February 1	February 2 <i>Last day to Add/ Drop w/o a "W"</i>	February 3 HW2: Ch.4 (graded)	February 4 Quiz2: Ch.5 (graded)
February 5 Ch. 5	February 6	February 7 Ch.5	February 8	February 9	February 10 HW3: Ch.5 (graded)	February 11 Quiz3: Ch.6 (graded)
February 12 Ch.6	February 13	February 14 Ch.6	February 15	February 16	February 17 HW4: Ch.6 (graded)	February 18 Quiz4: Ch.7 (graded)
February 19 Ch.7	February 20	February 21 Ch.7, Review	February 22	February 23	February 24 HW5: Chs.7 (graded)	February 25
February 26 Midterm #1 Chs: 1, 2,4,5,6,7	February 27	February 28 Ch.3	March 1	March 2	March 3 HW6: Ch.3 (graded)	March 4 Quiz5: Ch.13 (graded)
March 5 Ch.13	March 6	March 7 Ch.13	March 8	March 9	March 10 Spring Break HW7: Ch.13 extended time	March 11 Spring Break
March 12 Spring Break	March 13 Spring Break	March 14 Spring Break	March 15 Spring Break	March 16 Spring Break	March 17 Spring Break	March 18 Spring break
March 19 HW7 & Quiz 6 due at 10am, graded Chapter 9	March 20	March 21 Chapter 9 Ch.14 (very first part that overlaps with Ch 9)	March 22	March 23	March 24 HW 8: Chapter 9 (graded)	March 25 Quiz 7: Chapter 14, Chapter 15 (graded)
March 26 Ch.14	March 27	March 28 Ch.15	March 29	March 30	March 31 HW 9: Ch.14, Ch 15 (graded, extended time)	April 1
April 2 HW9 due at 10am, graded Chapter 15, review	April 3	April 4 Midterm #2: Chs 3,13,9,14,15	April 5	April 6 Chapter 19	April 7	April 8 Quiz 8: Ch.20 (graded)
April 9 Ch 19, Ch.20	April 10	April 11 Chapter 20	April 12	April 13	April 14 HW 10: Ch.19, Ch 20 (graded)	April 15 Quiz 9: Ch.21 (graded)
April 16 Ch.21	April 17	April 18 Ch.21	April 19	April 20	April 21 HW 11: Ch.21 (graded)	April 22 Quiz 10: Ch.22 (graded)
April 23 Ch.22	April 24	April 25 Ch.22	April 26	April 27	April 28 HW 12: Ch.22 (graded)	April 29 Quiz 11: Chs.24,25 (graded)
April 30 Ch.24	May 1	May 2 Chapter 25	May 3	May 4 <i>Last day of Classes</i>	May 5 HW 13: Chs.24,25 (graded)	May 6 Quiz 12: all chapters (review for final exam)