

Mid-semester Examination Outline
EE432 Monetary Theory and Policy
B.E. International Program
Faculty of Economics, Thammasat University
Semester 1/2020

Please be noted that you may need to go through all lectures delivered in classes. This guide could only help you to focus on some particular topics.

For each question, you also need to write out some definitions of monetary economics

1. Assess business strategies by calculating some financial figures and choose the optimal solutions. (30 marks)

- 1) Reducing risk through hedging or spreading
- 2) Assessing performance of the commercial bank management from balance sheet (profitability and risk management)

2. Based on given case studies, discuss what should commercial banks do to achieve some specific objectives. (30 marks)

Assuming that you are a bank manager, how might you reduce the fragility of your institution in terms of

- 1) Bank risk
- 2) Information Asymmetries

3. Write short argument essays to what extent you agree or disagree. Discuss both sides of this argument and provide rigorous theoretical framework to support your claim. (30 marks)

There remains argument that central banks should do or not to do, regarding

- 1) Government safety net and macro-prudential
- 2) The need for independence, accountability, transparency, and credibility

4. Read the real-world economic circumstance, then apply monetary economic theory and concept to analyze the situation and its implication. (If needed, write the formula or draw diagram to support your answer) (30 marks)

Explain yield curve movement with the application of

- 1) The expectations hypothesis
 - 2) The liquidity premium theory
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