



# B.E. International Program

Faculty of Economics, Thammasat University



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## Course Outline

### **EE438 Monetary Economics: Selected Topics (Economics of Financial Markets and Institutions)/**

#### **EE 431 Economics of Financial Markets and Institutions**

**Semester:** 1/2010 (August 8 – November 30)

**Instructor:** Sicha Thubdimphun (sicha@econ.tu.ac.th)

**Time :** Mondays, 09.00-12.00 hrs.

**Class venue:** Room 205

**Midterm Exam:** Monday, September 26<sup>th</sup>, 2011; 09.30-11.00 hrs.

**Final Exam:** Thursday, December 15<sup>th</sup>, 2011; 13.00-16.00 hrs.

**Prerequisite:** EE311

#### **1. Course description:**

Money and capital markets at the micro level; Financial assets; financial risks and financial risks bearing; Theory of equilibrium pricing of financial assets; the CAPM and APT models; Interest rate structure; bond and equity instruments; Financial derivatives; Asymmetric information in financial market; The study of financial institutions with the emphases on theories regarding the roles and functions of commercial banks; Risk management of financial institutions; Monitoring and controlling of financial institutions; The deposit insurance system and financial institution business from the perspective of industrial economics.

#### **2. Required Text:**

2.1 Frederic Mishkin, The Economics of Money, Banking and Financial Markets 9<sup>th</sup> Edition (Pearson, 2009)

2.2 Peter D Spencer, The Structure and Regulation of Financial Market (Oxford University Press, 2000)

2.3 Roy E. Bailey, The Economics of Financial Market (Cambridge University Press, 2005)

Other reading assignments can be found in the library

### 3. Evaluation:

Problem sets	10%
Mid-term exam	40%
Final exam	50%

### 4. Topics

Part I : Economic Analysis of Asset Prices	
Textbook	Topics
FM2009 Ch. 1-3	Financial assets and the overview of financial market
RB2005 Ch4, Ch5	Decision making under uncertainty Economic determinants of security prices
FM2009 Ch7-8	Portfolio selection, Capital asset pricing model (CAPM) and arbitrage pricing theory (APT)
FM2009 Ch.4-6	Debt Market and Structure of interest rates
Part II : Financial Institution, Financial Market and Asymmetric Information	
FM2009 Ch.9 -11	Financial institutions
PS2000 Ch.8	Theory of financial intermediation
PS2000 Ch.9	Convexity, excessive risk, and bank regulation
PS2000 Ch.10	Bank runs, systemic risk and deposit insurance