**Mid-semester Examination Outline**
**EE432 Monetary Theory and Policy**
**B.E. International Program**
**Faculty of Economics, Thammasat University**
**Semester 1/2021**

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**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. **Based on given case studies, discuss what should commercial banks do to achieve some specific objectives. (20 marks)**

   Assuming that you are a bank manager, how might you reduce the fragility of your institution in terms of
   1) Reducing risk through hedging or spreading
   2) Information asymmetries
   3) The balance sheet of commercial banks and bank risk (write the formula and provide some financial ratio calculation)

2. **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 to support your answer) (25 marks)**
   1) Risk structure of interest rates
   2) Bond rating
   3) Term structure of interest rates

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. (15 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

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