



B.E. International Program
Faculty of Economics, Thammasat University



Course Syllabus

EE432 Monetary Theory and Policy
Semester 2/2018 (January 14 – May 12, 2019)

Number of credits: 3 credits (3-0-6)
Lecture time: Saturdays, 1.00 – 4.00 PM
Lecture Venue: Room 302, Faculty of Economics
Instructor: Dr. Chamadanai Marknual
Office hour: by appointment
Email: chamadanai.m@kasikornresearch.com

Prerequisites: EE312

Course Description:

This course aims to provide the student with an introduction to the role of money, financial markets, financial institutions and monetary policy in the economy, thus providing a solid foundation for further study and enhance professional capability in the financial services industry.

This course will investigate the origins and role of money, theories regarding the supply of and demand for money and the relationship between money, credit and debt will also be emphasized. The course will then study the role of financial markets in the economy with a particular emphasis on bond markets and interest rate determination. Besides, this course will further analyze the evolving roles of central

banks and their views regarding the execution monetary policy; including recent and historical international policy actions, the transmission of that policy in the economy, and the impact of monetary policy on economic growth and inflation. It will also cover the formulation of unconventional monetary policy, so called quantitative easing, when interest rates approach the zero lower bound. Another area of study in this course is the consideration of modern monetary theories, particularly, in the context of real business cycle model and the New Keynesian model.

Course Objectives:

1. To develop knowledge and analytic skill to anticipate the central bank's monetary policy reaction on different economic situations.
2. To enhance capability to make a preliminary analysis of novel monetary policy execution together with its associated impacts and determine the appropriate choice of monetary stance.
3. To encourage students to take an active learning approach by reading lecture notes and participating individual assignment, in-class discussion and peer-to-peer learning.

Course Evaluation

The course will be assessed by pre-class reading quizzes, after-class quiz assignments, a mid-term examination and a final examination. The pre-class reading quizzes will be given prior to the beginning of lectures. By doing so, students are responsible for knowing any relevant materials and having some clue about what is going to be discussed in class. Such pre-class reading quizzes and after-class quiz assignments will essentially be grading student learning performance. Students are not expected to miss any assignments. Therefore, any absences or overdue submission will be counted as a missed quiz or assignment. All homework pre-class reading quizzes, after-class quiz assignments will be accessed using a web-based platform provided by Mc-Graw Hill Connect <https://connect.mheducation.com>, which linked to our BE-moodle. The assessment criteria are detailed as follow.

1. Individual pre-class reading quizzes (multiple choices) 15%
13 times throughout semester as details shown in the class schedule below

2. Individual after-class quiz assignments (multiple choices) 20%
4 times throughout semester, each worth 5%.
The dates below are the due dates for the out-of-class quiz assignments:
 - *Quiz assignment 1 (covering textbook chapter 1-7): 22 February*
 - *Quiz assignment 2 (covering textbook chapter 8,9,11,12,13,14): 8 March*
 - *Quiz assignment 3 (covering textbook chapter 15,17,18): **submission due date has been extended to 18 April***
 - *Quiz assignment 4 (covering textbook chapter 21,22): 27 April*
3. Mid-term Examination 25%
4. Final Examination 40%

Readings

EE432 is textbook-based. Students are required to read all lecture notes and should have access to this online textbook. The primary text book will be:

Cecchetti, Stephen and Schoenholtz, Kermit. (2017) **Money, banking, and financial markets**. McGraw-Hill.

Expected Learning Outcomes:

1. Morality and Ethics

Applicability	Expected Learning Outcomes
●	1.1 Students demonstrate integrity.
●	1.2 Students prioritize social and public benefits over personal ones.
●	1.3 Students are punctual and comply with the code of conduct of the institution and society at large.
●	1.4 Students are responsible and accountable to society, the nation, and the subject of economics.
○	1.5 Students realize the cultural and environmental value of the sustainable society.

2. Knowledge

Applicability	Expected Learning Outcomes
●	2.1 Students know and understand modern economics principles and theories, and are up to date with new developments.
●	2.2 Students know and understand Thai and global economic structure, and the importance of major international economic events.
○	2.3 Students know and understand instruments of economic analysis.

Applicability	Expected Learning Outcomes
●	2.4 Students know and understand applied fields in economics, including monetary, public, international, business, natural resource and environmental, industrial, agricultural, cooperative, political, developmental, and entrepreneurial economics as well as agribusiness.
○	2.5 Students are informed about related fields including sociology, business administration, education, law policy, and science.

3. Intellectual Development

Applicability	Expected Learning Outcomes
●	3.1 Students have developed individual critical thinking.
●	3.2 Students are sufficiently trained in research skills.
●	3.3 Students demonstrate an ability to analyze and synthesize data, as well as appropriately integrate economics concepts to understand causes of current economic problems in Thailand. Based on analysis and synthesis, students demonstrate an ability to propose policy guidelines to resolve problems.

4. Interpersonal Skills and Responsibilities

Applicability	Expected Learning Outcomes
●	4.1 Students are responsible for assigned tasks and work in groups effectively.
●	4.2 Students have problem-solving skills.
○	4.3 Students show leadership skills and team spirit.
●	4.4 Students are always improving themselves.
○	4.5 Students have good interpersonal skills, adapting and working under different conditions.

5. Quantitative Analysis, Communication and Information Technology

Applicability	Expected Learning Outcomes
○	5.1 Students select and apply appropriate statistical and mathematical methods for data processing, interpretation, conclusions, and recommendations to resolve problems.
○	5.2 Students communicate effectively and select appropriate presentation methods.

Applicability	Expected Learning Outcomes
○	5.3 Students use information and communication technologies appropriately to gather data as well as process, interpret, and present results.

Attendance at Lectures

Lectures provide opportunities to better understanding of materials in the course. So that attendance and active participation in lectures is required and monitored.

Class Schedule

Week	Topic	Date
1.	Money and the Financial System (Cecchetti & Schoenholtz Textbook Chapter 1-3)	19 Jan 2019
2.	Present value, interest rate and risk (Cecchetti & Schoenholtz Textbook Chapter 4-5) <i># Pre-class reading quiz 1 for Chapter 4-5, worth 1%</i>	26 Jan 2019
	<i>Class cancelation due to bad weather condition</i>	2 Feb 2019 <i>No class</i>
3.	Bond price and term structure of interest rates (Cecchetti & Schoenholtz Textbook Chapter 6-7) <i># Pre-class reading quiz 2 for Chapter 6-7, worth 1%</i>	9 Feb 2019
4.	Stocks and Derivatives (Cecchetti & Schoenholtz Textbook Chapter 8-9) <i># Pre-class reading quiz 3 for Chapter 8-9, worth 1%</i>	16 Feb 2019
5.	The Economics of Financial Intermediation (Cecchetti & Schoenholtz Textbook Chapter 11-12) <i># Pre-class reading quiz 4 for Chapter 11-12, worth 1%</i>	23 Feb 2019
6.	Financial Industry Structure (Cecchetti & Schoenholtz Textbook Chapter 13-14) <i># Pre-class reading quiz 5 for Chapter 13-14, worth 1%</i>	2 Mar 2019
	Mid-term examination Cover lecture 1-6 (Chapter 1-9 and 11-14)	9 Mar 2019 1.00-3.00 PM
7.	Foreign Exchange (Cecchetti & Schoenholtz Textbook Chapter 10) <i># Pre-class reading quiz 6 for Chapter 10, worth 1%</i>	16 Mar 2019

Week	Topic	Date
8.	Central banks (Cecchetti & Schoenholtz Textbook Chapter 15, 17) <i># Pre-class reading quiz 7 for Chapter 15&17, worth 1%</i>	23 Mar 2019
9.	Monetary policy: stabilizing the domestic economy (Cecchetti & Schoenholtz Textbook Chapter 18) <i># Pre-class reading quiz 8 for Chapter 18, worth 2%, <u>submission due date has been extended to 10 April 2019</u></i>	30 Mar 2019
10.	Output, inflation, and monetary policy (Cecchetti & Schoenholtz Textbook Chapter 21) <i># Pre-class reading quiz 9 for Chapter 21, worth 2% <u>submission due date has been extended to 15 April 2019</u></i>	* 11 Apr 2019 5-8 PM (Make-up class for Chakri Memorial Day)
<i>Songkran Festival Holidays*</i>		<i>No class</i>
11.	Understanding business cycle fluctuations (Cecchetti & Schoenholtz Textbook Chapter 22) <i># Pre-class reading quiz 10 for Chapter 22, worth 1%</i>	20 Apr 2019
12.	Money growth and money demand (Cecchetti & Schoenholtz Textbook Chapter 20) <i># Pre-class reading quiz 11 for Chapter 20, worth 1%</i>	27 Apr 2019
13.	Modern monetary policy and the challenges (Cecchetti & Schoenholtz Textbook Chapter 23) <i># Pre-class reading quiz 12 for Chapter 23, worth 1%</i>	* 30 Apr 2019 5-8 PM (Make-up class for Coronation Ceremony)
14.	Exchange rate policy (Cecchetti & Schoenholtz Textbook Chapter 19) <i># Pre-class reading quiz 13 for Chapter 19, worth 1%</i>	* 2 May 2019 5-8 PM (Make-up class for 2 nd Feb class cancelation from bad weather)
15.	Special topic: New Keynesian monetary economics & <u>Final Exam Revision</u>	11 May 2019
	Final examination	25 May 2019 9 AM - noon

* *Holidays, No classes during this period*

Remarks:

- ◆ Mid-Term Examination (Saturday, March 9, 2019, 13.00 - 15.00 hrs.)
- ◆ Final Examination (Saturday, May 25, 2019, 09.00 - 12.00 hrs.)



ACADEMIC CALENDAR SEMESTER 2/2018

Event	Semester 2 (January - June 2019)
Pre-Registration period (BE Portal)	October 29 - November 1, 2018
Course Registration (Reg TU)	November 20 - 23, 2018
Payment	November 20 - 26, 2018
Classes Begin	January 14, 2019
Adding and Dropping Courses W/O Record	January 14 - 28, 2019
Payment	January 14 - 29, 2019
<i>Makha Bucha Day*</i>	<i>February 19, 2019</i>
Mid-term Examination Period	March 4 - 9, 2019
Course Withdrawal With "W"	March 20 - 25, 2019
<i>Chakri Memorial Day*</i>	<i>April 6, 2019</i>
<i>Substitution for Chakri Memorial Day*</i>	<i>April 8, 2019</i>
<i>Songkran Festival Day*</i>	<i>April 12 - 18, 2019</i>
Last Day of Classes	May 12, 2019
Final Examination Period	May 13 - 17, 21 - 30, 2019

Remark:

* Holiday, No classes during this period