BACHELOR OF ECONOMICS
THAMMASAT UNIVERSITY

Course Outline

EE432 Monetary Theory and Policy

Semester 2/2025 (January 5 - May 2, 2026)

Lecture Time: Saturday, 09.00-12.00 hours

Lecture Venue: To be announced

Teaching Materials Platform:

Google Classroom via
https://classroom.google.com/c/ODM1NDc0NzE0Mzkz
and access code of *w3zg553l*

Instructor:

Name: Dr. Chamadanai Mars Marknual

Office Hours: Saturday 8.00-9.00 a.m. (by appointment)

Email: chamadanai@gmail.com

Phone: Email is preferable

Number of Credit: 3 Credits (3-0-6)

Prerequisite: EE312

Course Description:

The role of money in the economy; studying monetary policy's goals, tools, policy implementations, Transmission mechanisms of Monetary policy; Monetary policy and business cycles; monetary policy framework, exchange rate targeting and inflation targeting; The role of the Central Bank; The interaction between monetary and fiscal policies; The role of monetary policy in the open economy; Other contemporary issues and recent developments related to monetary policy

Course Objectives:

1. To develop knowledge and analytic skills 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 in individual assignments, in-class discussion and peer-to-peer learning.

Learning Management and Evaluation

CLO	Learning Management	Evaluation
K1	Acquiring and understanding monetary economics and fundamental financial theories	Mid-term & Final Exam
K2	Applying monetary policy and related-theoretical concepts to evaluate appropriate financial and economic measures and provide practical suggestions	Mid-term & Final Exam
K4	Utilizing real world economic and financial situations as case studies for students to enhance their analytical thinking skills	Participation, Mid-term & Final Exam
S1	Performing individual exercises using financial and economic data within defined problem-solving conditions	Classwork, Exercise
S2	Engaging in discussion and composing individual reports on financial and monetary economic issues to demonstrate critical thinking and communication skills	Participation, Essay Assignment

Learning Assessment Plan

CLO	Methods of Learning Assessment	Assessment Week	Proportion of Assessment
K4	Attendance and in-class participation	Week 1-15	10%
S1	Individual exercise	Week 10-12	10%
S2	Individual essay assignment	Week 13-15	10%
K1, K2	Mid-term examination	After Week 7	30%
K1, K2	Final examination	After Week 15	40%

Main Text:

Students are required to read all lecture notes and should have access to this online textbook. The primary textbook will be:

> Cecchetti, Stephen and Schoenholtz, Kermit. (2024) **Money, Banking, and Financial markets**. McGraw-Hill.

The electronic version of textbook is available via https://connect.mheducation.com

Recommended Texts & Materials

Students are required to read all lecture notes presented in class.

Suggested Readings:

Students should also study other related teaching materials, including case-based and topic-based articles, together with news clips and central banks' publications, posted on this subject's google classroom platform. These following articles are suggested.

Akerlof, G. A. (1970). The Market for" Lemons": Quality Uncertainty and the Market Mechanism. **The Quarterly Journal of Economics**, 84(3), 488-500

Bernanke, B. S. (1983). Nonmonetary Effects of the Financial Crisis in the Propagation of the Great Depression. **The American Economic Review**, 73(3), 257-276.

Bernanke, B. S., & Gertler, M. (2001). Should Central Banks Respond to Movements in Asset Prices? **The American Economic Review**, 91(2), 253-257.

Bernanke, B. S., & Mishkin, F. S. (1997). Inflation Targeting: A New Framework for Monetary Policy? **Journal of Economic Perspectives**, 11(2), 97-116.

Calvo, G. A., Leiderman, L., & Reinhart, C. M. (1996). Inflows of Capital to Developing Countries in the 1990s. **Journal of Economic Perspectives**, 10(2), 123-139.

Campbell, J. Y. (1995). Some Lessons from the Yield Curve. **Journal of Economic Perspectives**, 9(3), 129-152.

Christiano, L. J., Eichenbaum, M., & Evans, C. L. (2005). Nominal Rigidities and the Dynamic Effects of a Shock to Monetary Policy. **Journal of Political Economy**, 113(1), 1-45.

Diamond, D. W., & Dybvig, P. H. (1983). Bank Runs, Deposit Insurance, and Liquidity. **Journal of Political Economy**, 91(3), 401-419.

Estrella, A., & Mishkin, F. S. (1996). The Yield Curve as a Predictor of US Recessions. **Current Issues in Economics and Finance**, 2(7).

Hanson, S. G., Kashyap, A. K., & Stein, J. C. (2011). A Macroprudential Approach to Financial Regulation. **Journal of Economic Perspectives**, 25(1), 3-28.

Kiyotaki, N., & Wright, R. (1993). A search-theoretic Approach to Monetary Economics. **The American Economic Review**, 63-77.

Suggested Readings (Cont.):

Kydland, F. E., & Prescott, E. C. (1990). Business cycles: Real facts and a monetary myth. **Federal Reserve Bank of Minneapolis Quarterly Review**, 14(2), 3-18.

Lucas Jr, R. E. (1976). Econometric Policy Evaluation: A Critique. In **Carnegie-Rochester Conference Series on Public Policy** (Vol. 1, pp. 19-46). North-Holland.

Obstfeld, M., & Rogoff, K. (1995). The Mirage of Fixed Exchange Rates. **Journal of Economic Perspectives**, 9(4), 73-96.

Rogoff, K. (2017). Dealing with Monetary Paralysis at the Zero Bound. **Journal of Economic Perspectives**, 31(3), 47-66.

Taylor, J. B. (1993). Discretion versus Policy Rules in Practice. In **Carnegie-Rochester Conference Series on Public Policy** (Vol. 39, pp. 195-214). North-Holland.

Grading Criteria:

A	=	85 and above
B+	=	75 – 84.9
B	=	70 – 74.9
C+	=	65 - 69.9
C	=	60 - 64.9
D+	=	55 - 59.9
D	=	50 - 54.9
F	=	49.9 and below

Tentative Class Schedule:

Week	Topic	Date
1.	Financial instruments, financial markets, and financial institutions (Cecchetti & Schoenholtz Textbook Chapter 3)	10 Jan 2026
2.	Understanding risk (Cecchetti & Schoenholtz Textbook Chapter 5)	17 Jan 2026
3.	The risk and term structure of interest rates (Cecchetti & Schoenholtz Textbook Chapter 7)	24 Jan 2026
4.	The economics of financial intermediation (Cecchetti & Schoenholtz Textbook Chapter 11)	31 Jan 2026
5.	Depository institutions: banks and bank management (Cecchetti & Schoenholtz Textbook Chapter 12)	7 Feb 2026

Week	Topic	Date
6.	Regulating the financial system (Cecchetti & Schoenholtz Textbook Chapter 14)	14 Feb 2026
7.	Central banks in the world today (Cecchetti & Schoenholtz Textbook Chapter 15) & Mid-term exam revision	21 Feb 2026
	Mid-term examination	28 Feb 2026 9.00 – 11.00 hrs.
8.	The central bank balance sheet and the money supply process (Cecchetti & Schoenholtz Textbook Chapter 17)	7 Mar 2026
9.	Monetary policy: stabilizing the domestic economy (Cecchetti & Schoenholtz Textbook Chapter 18)	14 Mar 2026
10.	Exchange rate policy (Cecchetti & Schoenholtz Textbook Chapter 19)	21 Mar 2026
11.	Money growth and money demand (Cecchetti & Schoenholtz Textbook Chapter 20)	28 Mar 2026
12.	Output, inflation, and monetary policy (Cecchetti & Schoenholtz Textbook Chapter 21)	4 Apr 2026
13.	Understanding business cycle fluctuations (Cecchetti & Schoenholtz Textbook Chapter 22)	11 Apr 2026
14.	Modern monetary policy and the challenges (Cecchetti & Schoenholtz Textbook Chapter 23)	25 Apr 2026
15.	Special topic: New Keynesian monetary economics & Final exam revision	2 May 2026
	Final examination	16 May 2026 09.00 – 12.00 hrs.