



B.E. International Program

Faculty of Economics, Thammasat University



Course Outline

EE438 Monetary Economics: Selected Topics (Economics of Financial Markets and Institutions)/EE 431 Economics of Financial Markets and Institutions

Semester 1/2012 (August 14 – December 1, 2012)

Number of credits: 3 credits

Lecture Time: Tuesdays and Thursdays, 9.30 – 11.00 a.m.

Lecture Venue: Room 201, Faculty of Economics

Instructor: Sichra Thubdimphun

Office: Room 470, Faculty of Economics Building

E-mail: sicha@econ.tu.ac.th

Office hours: Tuesdays and Thursdays, 11 – 12 a.m. or by appointment

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.

Prerequisites: EE311

Course Objectives:

The objective of this course is to provide the students a better understanding of financial assets and the role of financial institutions in the financial markets with asymmetric information.

Required Text:

1. Frederic Mishkin, The Economics of Money, Banking and Financial Markets 9th Edition (Pearson, 2009).
2. Peter D Spencer, The Structure and Regulation of Financial Market (Oxford University Press, 2000)
3. Copeland, Thomas E. and J. Fred Weston, Financial Theory and Corporate Policy, 4th edition, (Addison-Wesley, 2005).

Handouts or other related materials: (if any) will be uploaded on BE moodle at least two days before each lecture. It is the responsibility of the student to print the handouts or other related materials themselves.

Topics:

Part I : Economic Analysis of Asset Prices	
Topics	Textbook
Topic 1. Financial assets and the overview of financial market (1 time)	FM2009, Ch. 1-3
Topic 2. Debt Market and Structure of interest rates (9 times)	FM2009, Ch.4-6
Topic 3. Mean-Variance Analysis (3 times)	Copeland2005,Ch.5
Topic 4: Capital asset pricing model (CAPM) and Arbitrage Pricing Theory (APT) (4 times)	Copeland2005, Ch.6
Part II : Financial Institution, Financial Market and Asymmetric Information	
Topics	Textbook
Topic 5. Financial institutions (2 times)	FM2009, Ch.9 -11
Topic 6. Theory of financial intermediation (4 times)	PS2000, Ch.8
Topic 7. Convexity, excessive risk, and bank regulation (3 times)	PS2000, Ch.9
Topic 8. Bank runs, systemic risk and deposit insurance (5 times)	PS2000, Ch.10

Course Evaluation:

Mid-term exam	40%	(Thursday, October 4, 2012, 09.30-11.00 hrs)
Final exam	50%	(Thursday, December 13, 2012, 13.30 – 16.30 hrs)
Problem sets/Assignments	10%	

Grading Policy:

A = 4.0 (90 – 100)	Excellent
B+ = 3.5 (85 – 89)	Very Good
B = 3.0 (80 – 84)	Good
C+ = 2.5 (70 – 79)	Fair
C = 2.0 (60 – 69)	Adequate
D+ = 1.5 (55 – 59)	Poor
D = 1.0 (50 – 54)	Very Poor
F = 0 (< 49)	Fail

The above criteria can be considered as an approximate guideline. However, there is no permanent letter grade for any exam. The criteria may be adjusted depending on overall performance of the students. The lecturer reserves the right to modify the grading criteria.

A student cannot ask a special letter grade other than the grade assigned. Otherwise, the rights of other students are violated and a student has no right to ask for such a violation.

Other Policies:

Any changes to the course outline (if any) **will be announced in the class or uploaded on BE moodle.**

It is the responsibility of the students to obtain any information announced in the class or the BE moodle. Ignorance of such information due to absence of class/absence of visiting the BE moodle is not a valid defense.

If a student has any question about the lecture, please do not hesitate to consult the lecturer during office hours. The lecturer would be pleased to assist. All students are welcome during the office hours. If you are not convenient to meet at the lecturer's office hours, please make an appointment in advance via email. Please allow enough time (at least 2 working days) for the lecturer to confirm the appointment. The student also should confirm such an appointment by emailing back. Please kindly use your official student's email account to contact with the lecturer.

Important Dates:

Classes Begins	August 14, 2012
Adding and Dropping Courses	August 14 – 28, 2012
Midterm Exam Period	October 1 – 6, 2012 (No Lectures)
Midterm Exam	October 4, 2012 (9.30-11.00 hrs)
Course Withdrawal with "W"	October 17 – 22, 2012
Class Ends	December 1, 2012
Final Exam	December 13, 2012 (13.30 – 16.30 hrs)
