

ECON 423: FINANCIAL MARKETS AND ECONOMIC FLUCTUATIONS

Spring 2021

UNIVERSITY OF NORTH CAROLINA

DEPARTMENT OF ECONOMICS

(Last update: January 18, 2021)

Instructor: Can Tian
Contact: tiancan@email.unc.edu
Mode: Remote Synchronous
Lectures: Section 001: T/TH 9:30 – 10:45 AM
Zoom: <https://unc.zoom.us/j/95224368049?pwd=dVdnd2d0d0dpbi9tRE1mZHpOeTJBUT09>
Section 002: T/TH 11 AM – 12:15 PM
Zoom: <https://unc.zoom.us/j/93887601665?pwd=MEdNYldxcckJFNEVvWUNBYUk1OS8zQT09>
Links to Zoom recordings will be made available on Sakai
Office Hours: T 12:15 PM – 2 PM or by appointment
Zoom link for section 002 for regular office hours
Website: <https://sakai.unc.edu/portal/site/econ423.spring2021>

Required textbook. Frederic S. Mishkin, *The Economics of Money, Banking and Financial Markets* (12th Edition), Pearson, 2019. (ISBN-13: 9780134734217) The book is available at the UNC bookstore and eText is also available. Earlier editions (preferably the 11th or the 10th) are *acceptable*. The business school edition of the same textbook is also acceptable. But chapter numbers are a little different.

Additional reading materials. Textbooks cannot keep up with what is happening around us. We will use official information and data sources such as the Fed, ECB, IMF, etc. for relevant topics. I encourage you to follow the real-time financial and economic news. Some typical sources are The Wall Street Journal, Financial Times, The Economist, Bloomberg, etc. We will discuss a few particularly important/relevant/interesting pieces in class.

Course description. This course studies the financial system from an economic perspective. We will examine major financial assets and markets, financial intermediation, central banking, and monetary policy.

Grading schedule. I expect you to actively participate in the in-class discussions whenever possible. You are expected to work hard outside of the classroom as well. Assignments, two midterms, and a *cumulative* final exam will count towards the final numerical grade as follows:

Item	Weight	Date
Assignments	15%	TBD
Midterm I	25%	Feb 25, 2021 (tentative)
Midterm II	25%	Apr 1, 2021 (tentative)
Final Exam	35%	May 11, 2021 (tentative)

I reserve the right to make changes to the syllabus, including assignment due dates and test dates. These changes will be announced as early as possible.

Distribution: All assignments and exams (including the final) will be posted and graded on the Sakai course site. You will receive email notifications when they become available.

Assignments: There will be about 6 to 8 problem sets. You will have at least 3 days to finish each and deadlines are reinforced. Before the deadline, you are allowed *unlimited* attempts and only the highest score will be recorded. Late submissions automatically result in forfeited points. I will *drop the lowest 2 assignment scores*. Then the averaged assignment score will be part of the final evaluation.

You are *encouraged* to discuss homework assignments and more with your peers.

Midterms: There will be no lectures on midterm days. The midterms are *not* cumulative. Each exam will be posted on Sakai and be available for at least 24 hours until 11:59 PM on the scheduled date. Once you start taking the exam, you have **1.5 hours** to finish and submit it. Only **one** attempt is allowed. If you must miss a midterm exam for reasons that fall in to the University Approved Absences (see the university policy <http://catalog.unc.edu/policies-procedures/attendance-grading-examination/>), contact me *before* the exam date (or before the lecture date after the exam date in cases of emergency) to schedule a make-up exam; or no make-up exam will be arranged and the weight will be moved to the final exam. There are *no make-up midterm exams* for reasons other than University Approved Absences; but if you contact me *before* the exam date with an acceptable explanation, the weight can be moved to the final exam. Missing a midterm exam for other reasons or without approval results in zero score of that exam. You are responsible to provide necessary documentation to support your case.

Final exam: The final exam is cumulative. The final exam will be posted on Sakai during the reading days and be available until **11:59 PM, May 11, 2021**. Once you start taking the exam, you have **3 hours** to finish and submit it. Only **one** attempt is allowed. If you are unable to take the final exam at the scheduled time, you need to get the “examination excuse” from the academic dean to avoid receiving an AB or F grade. A make-up exam can be scheduled with such excuse.

Attendance: I will not keep track of class attendance this semester. If regular attendance is impossible, then please watch the recordings. You are responsible for any announcements that you may have missed if you choose not to attend class or if you cannot attend class. You should get the missed notes/announcements from one of your peers.

Grading scale. Unless you opt for a pass/fail grade, numerical grades are mapped into letter grades according to the following scale.

A	90-100	A-	85-89.99		
B+	82-84.99	B	79-81.99	B-	76-78.99
C+	73-75.99	C	70-72.99	C-	67-69.99
D+	60-66.99	D	50-59.99	F	≤50

Accessibility Recourses. The University of North Carolina at Chapel Hill facilitates the implementation of reasonable accommodations, including resources and services, for students with disabilities, chronic medical conditions, a temporary disability or pregnancy complications resulting in barriers to fully accessing University courses, programs and activities.

Accommodations are determined through the Office of Accessibility Resources and Service (ARS) for individuals with documented qualifying disabilities in accordance with applicable state and federal laws. See the ARS Website for contact information: <https://ars.unc.edu> or email ars@unc.edu. (source: <https://ars.unc.edu/faculty-staff/syllabus-statement>)

Counseling and Psychological Services (CAPS). CAPS is strongly committed to addressing the mental health needs of a diverse student body through timely access to consultation and connection to clinically appropriate services, whether for short or long-term needs. Go to their website: <https://caps.unc.edu/> or visit their facilities on the third floor of the Campus Health Services building for a walk-in evaluation to learn more. (source: Student Safety and Wellness Proposal for EPC, Sep 2018)

Diversification Statement. I value the perspectives of individuals from all backgrounds reflecting the diversity of our students. I broadly define diversity to include race, gender identity, national origin, ethnicity, religion, social class, age, sexual orientation, political background, and physical and learning ability. I strive to make this (virtual) classroom an inclusive space for all students. Please let me know if there is anything I can do to improve, I appreciate suggestions.

Title IX Resources. Any student who is impacted by discrimination, harassment, interpersonal (relationship) violence, sexual violence, sexual exploitation, or stalking is encouraged to seek resources on campus or in the community. Please contact the Director of Title IX Compliance (Adrienne Allison – Adrienne.allison@unc.edu), Report and Response Coordinators in the Equal Opportunity and Compliance Office (reportandresponse@unc.edu), Counseling and Psychological Services (confidential), or the Gender Violence Services Coordinators (gvsc@unc.edu; confidential) to discuss your specific needs. Additional resources are available at safe.unc.edu.

Tentative course outline. I intend to follow the outline closely but deviation may become necessary. Changes will be announced in class, via email, or on Sakai as early as possible.

Week	Date	Topics
1	1/19	Ch.1 + Appendix & Ch.2 : course overview and preparation
	1/21	Ch.3: What Is Money?
2	1/26	Ch.4: The Meaning of Interest Rates
	1/28	Ch.4: The Meaning of Interest Rates
3	2/2	Ch.5: The Behavior of Interest Rates
	2/4	Ch.5: The Behavior of Interest Rates
4	2/9	Ch.6: The Risk and Term Structure of Interest Rates
	2/11	Ch.6: The Risk and Term Structure of Interest Rates
5	2/16	Wellness day, no class
	2/18	Ch.17: The Foreign Exchange Market
6	2/23	Catch-up and review
	2/25	Midterm I , submit by 11:59 PM
7	3/2	Ch.7: The Stock Market, the Theory of Rational Expectations, and the Efficient Market Hypothesis
	3/4	Ch.7: The Stock Market, the Theory of Rational Expectations, and the Efficient Market Hypothesis
8	3/9	Ch.8: An Economic Analysis of Financial Structure
	3/11	Wellness day, no class
9	3/16	Ch.9: Banking and the Management of Financial Institutions
	3/18	Ch.9: Banking and the Management of Financial Institutions
10	3/23	Ch.10: Economic Analysis of Financial Regulation
	3/25	Ch.11: Banking Industry: Structure and Competition
11	3/30	Catch-up and review
	4/1	Midterm II , submit by 11:59 PM
12	4/6	Ch.13: Central Banks and the Federal Reserve System
	4/8	Ch.14: The Money Supply Process
13	4/13	Ch.12: Financial Crises
	4/15	Ch.15: Tools of Monetary Policy
14	4/20	Ch.15: Tools of Monetary Policy
	4/22	Ch.16: The Conduct of Monetary Policy
15	4/27	Ch.18: The International Financial System
	4/29	Ch.18: The International Financial System
16	5/4	Catch-up and final review

Final submit by 11:59 PM, May 11, 2021