UNIVERSITY OF MARYLAND
DEPARTMENT OF ECONOMICS
ECONOMICS 330

Spring Semester, 2016   Dr. John Neri
Room: TYD 0130   Office: Morrill Hall-1102B
Lecture: T and Th 9:30am to 10:45am   E-mail: johna.neri@gmail.com
Office Hours: T and Th 3:30pm - 4:30pm   neri@econ.umd.edu

REQUIRED
Mishkin, Frederic S. *Money, Banking, and Financial Markets, Business School 2nd, 3rdor 4th Edition*,
Pearson Addison-Wesley.

COURSE DESCRIPTION
Economics 330 is a course in money, banking and financial markets. The objective of this course is to
develop a clear understanding of (i) the determination of interest rates; (ii) interactions between
different financial institutions; (iii) the role money, banks and the Federal Reserve in the American
financial system. At the end of this course you will be conversant in the language of financial markets
and institutions, and have an understanding of: (1) what money is and why we use it; (2) the
fundamental concepts of a financial instrument, including bonds, stocks, derivatives; (3) the basic
purpose of financial markets; (4) the role of financial institutions in our economy, with a special
emphasis on banks; and (5) the importance of central banks and the conduct of monetary policy.

COURSE WEB SITE: http://www.terpconnect.umd.edu/~jneri/Econ330 The "E" in Econ330 is capitalized.

EXAMINATIONS, PROBLEM SETS AND GRADES
Your grade will be determined as follows:

Two (2) midterm exams	**100 points each**
Comprehensive Final Exam	**140 points**
Six (6) Problem Sets	**10 points each**
Total	**400 points**

Examinations will be a combination of multiple-choice, short answer, and problems. The multiple-choice section
will be taken on a computer-grading sheet (scantron sheet) with a number 2 pencil. I will assign 6 graded
problem sets. We will attempt to return the graded short answer portion of the exams and the problem sets one
week after the due date. **You will then have one-week to raise questions regarding grades**. **I will not
entertain any grade questions after the one week question period.** Students with total points less than or
equal to 200 (50 percent) will receive a grade of "F" for the course. **Students that get A's and B's in this
course attend lecture. If you do not plan on attend lecture, you will not do well in this course.** WRITE
YOUR NAME IN INK on your problem set. Unfortunately we have had names in pencil erased and a new name
inserted. Hard to believe, but true.

LECTURE ATTENDANCE
I expect you to come to class and remain in class for the duration of the class period. The course web page is
provided to update and disseminate course information. IT IS NOT INTENDED TO BE A SUBSTITUTE FOR
ATTENDING CLASS. Any topic discussed in lecture is "fair game" for the exams. I may give pop-quizzes for
extra credit! Private conversations are disruptive and rude to fellow students and your instructor and will not be
tolerated.

TEACHING ASSISTANTS: There are two graduate teaching Assistants (TAs) for this course that are
available to help you. You can go to any one for help. I will divide the class alphabetically between the graduate
TAs for grading. I will update the TA grading responsibility, office location, office hours and e-mail
addresses on the course web site.

MAKE-UP EXAMINATION POLICY

You are required to take all examinations. A make-up exam for each of the two in-class exams can be given **ONLY** for those students with a valid University excuse. For the policies to be followed in this course on absences from examinations, make-up exams, and violations of academic integrity, please see Chapter 4 of the Undergraduate Catalog, (online at http://www.umd.edu/catalog/0506/chapter4.pdf

You must complete the Request-for-excuse form and present a valid University excuse to me within 24 hours of the scheduled exam in order to take the make-up. More than one exam on the same day is not a valid excuse for a make-up exam. DO NOT ASK!

CALCULATORS

You will need a calculator for exams. I only allow four function and scientific calculators. You may not use financial calculators or any programmable calculators that can be used to store formulas. If in doubt, bring your calculator to me prior to the exam date and I'll approve it.

APPROXIMATE SCHEDULE (Exam dates may slide and order of presentation may change)
Additional required reading and videos will be posted on the course web site.

Class Dates:

I. Course Introduction, Financial Markets and Risk
(1/26, 1/28)   Introduction to Course and Overview of the Financial System - Chapters 1 and 2
(2/2, 2/4)   Financial System - Why Do Financial Intermediaries Exist – Chapters 2 (sections of 8)
(2/9, 2/11)   Money and Risk - Chapter 3 and Lecture Slides on Risk.
(2/16, 2/18)   Understanding Interest Rates – Chapter 4. (Quiz 1, 2/16, not graded)

II. Financial Markets and Interest Rates
(2/23, 2/25)   Understanding Interest Rates - Chapter 4

Exam 1 – Tentatively Thursday March 3

(3/1, 3/3)   Behavior of Interest Rates - Chapters 4 and 5 (Quiz 2, 3/1, not graded)
(3/8, 3/10)   Risk Structure and Term Structure of Interest rates – Chapters 5 and 6
(3/15, 3/17)   SPRING BREAK

III. Commercial Banking
(3/22, 3/24)   Commercial Bank Balance Sheet – Chapter 10
(3/29, 3/31)   Commercial Bank Balance Sheet and Bank Regulation - Chapters 10 and 11)
(4/5, 4/7)   Commercial Banking Industry Structure and Shadow Banking - Chapter 12 and Assigned Readings (Quiz 3, 4/5)

Exam 2 – Tentatively Tuesday April 14

IV. Central Banks and Monetary Policy
(4/12, 4/14)   Central Bank Structure, Balance Sheet and the Monetary Supply - Chapters 16 and 17
(4/19, 4/21)   Tools of Monetary Policy - Chapters 18 and 19 (Quiz 4, 4/21, not graded)
(4/26, 4/28)   Tools of Monetary Policy and What Central Banks Should Do - Chapters 19
(5/3, 5/5)   Quantity Theory of Money, Monetary Policy Theory, and Transmission – Chapters 22 and 24.
(5/10)   TBA (Quiz 5, 5/10, not graded)

Final Examination – Friday May 13 from 8:00a.m.- 10:00 a.m.
Exam locations to be announced.