

Monetary Policy, Summer Semester 2021

Lecturers

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Course Schedule

Lectures: Tuesday, 13.15-14.45 via Zoom

Tutorials: Friday, 9.45-13.00 via Zoom and Computer Halls. Dates and locations are TBA.

Course Objective

The purpose of this course is to gain a thorough understanding of monetary policy. We examine the basic functioning of financial intermediation, and objectives, operational framework, decision-making process and policy implementation of central banks. We study the basics of New Keynesian Models from the perspective of monetary policy implementation and analyze the transmission of monetary policy to the economy.

We pay particular emphasis to the practical aspects of monetary policy implementation, and its recent challenges. We explain key monetary policy instruments such as open market operations, standing facilities, and reserve requirements and how they are used to control the operational target of monetary policy. We also explore recent monetary policy implementation issues. Topics in this regard range from the zero lower bound on nominal interest rates, Quantitative Easing and other unconventional methods, monetary policy transmission in the zero lower bound. These should be helpful for understanding policy debates and for assessing current macroeconomic developments.

Target Group

This advanced Bachelor level course introduces basic building blocks of monetary policymaking. Students who plan to have a career in financial sector as well as any economic policy institution will find this course helpful. Moreover, this course also targets students who have interest in further study in economics and finance.

Course Outline

- 1) Money, Banking and the Management of Financial Institutions
- 2) Central Banking and the Conduct of Monetary Policy
- 3) Monetary Theory and the New Keynesian Model
- 4) Unconventional Monetary Policy
- 5) Effects of Monetary Policy on the Real Economy

Grading

The evaluation of this course is based on 60-minute long final exam. Students can also improve their grades via voluntary class presentation. Class presentations will take place towards the end of the semester. Potential list of topics will be shared in StudOn.

Lecture Material

This course consists weekly lectures and supplementary tutorials. Lectures cover the main topics described in course outline. Tutorials aim to help students to apply course material to practical issues. This includes downloading and manipulating economic data, data analysis using programs such as Excel, Matlab, and Stata. We will post lecture slides, tutorial files and any other supplementary material via StudOn.