

Syllabus Monetary Policy

2 SWS Lecture & 2 SWS Exercise - 5 ECTS

Lecture: Wednesday, 09:45h – 11:15h, room: LG 0.225 (starting date: April 15, 2026)

Excercise: Monday, 15:00h – 16:30h, room: LG 3.152/3 (starting date: April 20, 2026)

Office hours: By appointment

Motivation

The course Monetary Policy is particularly recommended for economics students who wish to deepen their understanding of how monetary policy operates and affects the economy. Students from all specializations with a solid background in macro- and microeconomics are welcome to participate, as long as they can enroll for the exam in “Campo”.

Students will be introduced to the core elements of New Keynesian models, which constitute the standard framework for modern monetary policy analysis. Building on this theoretical background, the course explores how monetary policy is transmitted to the real economy, with particular attention to the role of capital market frictions and the financial accelerator mechanism.

In addition, the course examines unconventional monetary policy measures implemented in the United States and the Euro Area, allowing students to connect theoretical insights with real-world policy practices. Overall, the course equips students with the analytical tools necessary to understand and evaluate monetary policy in both normal times and periods of economic stress.

Structure

1. Introduction: Money and Central Banks
2. The Process of Money Supply
3. The New Keynesian Model
 - 3.1 Introduction and Microeconomic Foundations
 - 3.2 Household Side
 - 3.3 Monopolistic Competition and Price Setting
 - 3.4 Monetary Policy
4. Monetary Policy and Capital Market Frictions: The Financial Accelerator
5. Unconventional Monetary Policy in the United States and the Euro System

Exam

Grading will be based on a 60-minutes final exam, which will be scheduled by the examination office.

References

Are given on the lecture slides.