Course description. This course introduces students to the basic elements of money and banking: the institutional features and economics of financial markets and, in particular, of the U.S. banking system; the determinants of interest rates; the Federal Reserve and its role in money creation; and, to the extent that time permits, the effects of money on output and prices.

Prerequisites. Econ. 10A-B and Econ 100A-C.


Course outline and readings.

1. Overview of financial markets 2
2. Fundamentals of interest rates 4,5,6,(7)
3. Economics of financial structure 8
4. Principles of banking 9
5. Banking industry 10,11
6. Money supply process (14),15,16
7. Monetary policy 17,18,25,27

Course web page. The url is: <http://eee.uci.edu/05f/62275/>. Please be sure to visit the course web page regularly, as all materials for the class, occasional messages and any changes in the schedule will be posted there.

TA and discussion sections. We currently have one TA assigned to this class, Mr. Vimal Kumar (SST 305, office hours: MW 1-2pm), who will lead the weekly discussion sections. Please see the course web page for more details.

Requirements. There will be two in-class exams, the first tentatively scheduled on Wednesday October 19 and the second on Wednesday November 16. Each is worth one-third of your final grade. The final exam is worth the remaining third.

Practice problems will be posted on the course web page. Though not required, you are strongly encouraged to work through them, for problem solving is essential to developing a solid command of the material.