

## Money, Banking and Financial Markets

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Economics 3229H  
Fall 2009  
MWF 1:00-1:50  
MDLBH 207

Text: R. Glenn Hubbard, Money, the Financial System, and the Economy, sixth edition, 2008, publisher: Pearson Addison Wesley

Course Content: The structure and functioning of financial markets and institutions.

Course Requirements: Three homework sets, two midterm exams and a final exam. There is a website for this course. The URL is <http://web.missouri.edu/~raymonn/3229H/> Answers for homework assignments and exams will be posted at that site. In addition, practice problem sets with answers will be posted there.

Grading: The homework sets are worth 120 points, (40 points each), the midterm exams 240 points, (120 points each), and the final exam 240 points, totaling 600 points in all.

Homework sets should be typed or neatly written. Homework should be handed in no later than the beginning of class on the due date. Late homework sets will not be accepted.

No make-up exams will be given. Under unusual and well-documented circumstances, a single missed midterm exam will simply result in a re-weighting of points on the other two exams. However, ordinarily a missed exam will result in a substantial penalty. If both midterm exams are missed, or if the final exam is missed, then a grade of “I” will be assigned, to be removed only after the student completes all of the graded work in a section of 3229H in a later semester.

Academic Dishonesty: Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person’s work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor.

ADA: If you need accommodations because of a disability, if you have emergency medical information to share with me, or if you need special arrangements in case the building must be evacuated, please inform me immediately. Please see me privately after class, or at my office. My office location and office hours are given above.

To request academic accommodations (for example, a notetaker), students must also register with the Office of Disability Services, (<http://disabilityservices.missouri.edu>), S5 Memorial Union, 882-4696. It is the campus office responsible for reviewing documentation provided by students requesting academic accommodations, and for accommodations planning in cooperation with students and instructors, as needed and consistent with course requirements. For other MU resources for students with disabilities, click on “Disability Resources” on the MU homepage.

Intellectual Pluralism: The University community welcomes intellectual diversity and respects student rights. Students who have questions concerning the quality of instruction in this class may address concerns to either the Departmental Chair or Divisional leader or Director of the Office of Students Rights and Responsibilities (<http://osrr.missouri.edu>). All students will have the opportunity to submit an anonymous evaluation of the instructor(s) at the end of the course.

### Course Outline

Week 1	August 24-28	Chapters 1-3: Overview of the Financial System
Week 2	Aug 31 Sept 2, 4	Ch 4: Interest Rates and Rates of Return
Week 3	September 9, 11	Ch 4: Interest Rates and Rates of Return
Week 4	September 14- 18	Ch 5: The Theory of Portfolio Allocation
Week 5	September 21-25	Ch 6: Determining Market Interest Rates
Week 6	Sept 28, 30 October 2	Ch 6: Determining Market Interest Rates Ch. 7: The Risk Structure and Term Structure of Interest Rates
Week 7	October 5	First Midterm Exam
Week 7	October 7, 9	Ch 7: The Risk Structure and Term Structure of Interest Rates
Week 8	October 12-16	Ch 10: Information and Financial Market Efficiency

Week 9	Oct 19 -23	Ch 11: Reducing Transactions Costs and Information Costs
Week 10	October 26-30	Ch 12: What Financial Institutions Do
Week 11	November 2-6	Ch 13: The Business of Banking
Week 12	November 9	Second Midterm Exam
Week 12	November 11, 13	Ch 14: The Banking Industry
Week 13	November 16-20	Ch 14: The Banking Industry Ch 15: Banking Regulation
Week 14	November 23-27	Thanksgiving Break
Week 15	Nov 30 Dec 2, 4	Ch 20: Monetary Policy Tools Ch 21: The Conduct of Monetary Policy
Week 16	December 7, 9	Ch 21: The Conduct of Monetary Policy
	Dec. 15, 1-3 p.m.	Final Exam