



1. General Information

Course Subject	ECON
Course Number	3222
Course Title	Monetary Economics
Academic Years	2024-2025
Grading Method	Letter

2. Instructors

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Subclasses: 1A

4. Course Description

Course Description	The course provides an introduction to monetary theory, the effects of monetary variables on the macroeconomic system, the role of the central bank and the conduct of monetary policy. Subjects covered include: The nature and function of money; The behavior of interest rates; The money supply process; Central banking and the conduct of monetary policy; Quantity theory, Inflation, and the demand for money; Aggregate demand and aggregate supply analysis; Credibility; Transmission mechanisms of monetary policy. Additional topics like financial crises in advanced and emerging economies might also be introduced.
Prerequisites	This course is designed for senior students with a major in Economics and have a strong interest in monetary policies. The pre-requisite of the course is ECON 2102/2220 Intermediate Macroeconomics.
Free Elective	Yes

5. Course Objectives

1. To help students understand the structure and evolution of the major components of the financial system, including money, bonds, interest rates, etc.;
2. To help students develop coherent frameworks to study monetary policies: their goals and tools, transmission mechanisms, effectiveness and limitation;
3. To help students use economic theory to understand the causes and consequences of monetary policy decisions.

6. Faculty Learning Goals

- Goal 1: Acquisition and internalization of knowledge of the programme discipline
- Goal 2: Application and integration of knowledge

6. Faculty Learning Goals
Goal 3: Inculcating professionalism
Goal 4: Developing global outlook
Goal 5: Mastering communication skills
Goal 6: Cultivating leadership

7. Course Learning Outcomes						
Course Teaching and Learning Activities	Aligned Faculty Learning Goals					
	1	2	3	4	5	6
CLO1. Understand the structure and evolution of the major components of the financial system, including money, bonds, interest rates, etc.;	✓	✓	✓	✓		
CLO2. Develop coherent frameworks to study monetary policies: their goals and tools, transmission mechanisms, effectiveness and limitation;	✓	✓	✓			✓
CLO3. Use economic theory to understand the causes and consequences of monetary policy decisions.	✓	✓	✓		✓	

8. Course Teaching and Learning Activities		
Course Teaching and Learning Activities #	Expected Study Hours	Study Load (% of study)
T&L1. Lectures Tutorials There will be no regular tutorial for the course. Special Tutorials might be arranged if necessary.	36	30
T&L2. Homework	24	20
T&L3. Self-Study	60	50
	Total: 120	Total: 100

9. Assessment Methods			
Assessment Methods	Description	Weight %	Aligned Course Learning Outcomes
A1. Homework	Group assignments; maximum 4 students per group	20%	1,2,3
A2. Term Test	tentatively a two-hour test held in class time in late-October, exact time will be announced during the semester	30%	1,2,3
A3. Final Exam	time and date will be arranged by the University	50%	1,2,3

Assessment Rubrics	
A1. Homework	
A+,A,A-	Answers to all or almost all of the questions: (a) provide correct analysis of all the issues raised by the question, and (b) are presented in a clear and logical manner.

Assessment Rubrics	
B+,B,B-	Answers to most of the questions: (a) provide correct analysis of the main issues raised by the question, and (b) are presented clearly. And for the rest of the questions, most of the answers provide some reasonable analyses of the main issues raised by the questions.
C+,C,C-	Answers to the majority of the questions provide correct analysis of the main issues raised by the question. And for the rest of the questions, some of the answers provide reasonable analyses of some of the issues raised by the questions.
D+,D	Answers to the majority of the questions provide reasonable analysis of the main issues raised by the questions.
F	Few of the answers provide reasonable analysis of the main issue raised by the questions
A2. Term Test	
A+,A,A-	Answers to all or almost all of the questions: (a) provide correct analysis of all the issues raised by the question, and (b) are presented in a clear and logical manner.
B+,B,B-	Answers to most of the questions: (a) provide correct analysis of the main issues raised by the question, and (b) are presented clearly. And for the rest of the questions, most of the answers provide some reasonable analyses of the main issues raised by the questions.
C+,C,C-	Answers to the majority of the questions provide correct analysis of the main issues raised by the question. And for the rest of the questions, some of the answers provide reasonable analyses of some of the issues raised by the questions.
D+,D	Answers to the majority of the questions provide reasonable analysis of the main issues raised by the questions.
F	Few of the answers provide reasonable analysis of the main issue raised by the questions
A3. Final Exam	
A+,A,A-	Answers to all or almost all of the questions: (a) provide correct analysis of all the issues raised by the question, and (b) are presented in a clear and logical manner.
B+,B,B-	Answers to most of the questions: (a) provide correct analysis of the main issues raised by the question, and (b) are presented clearly. And for the rest of the questions, most of the answers provide some reasonable analyses of the main issues raised by the questions.
C+,C,C-	Answers to the majority of the questions provide correct analysis of the main issues raised by the question. And for the rest of the questions, some of the answers provide reasonable analyses of some of the issues raised by the questions.
D+,D	Answers to the majority of the questions provide reasonable analysis of the main issues raised by the questions.
F	Few of the answers provide reasonable analysis of the main issue raised by the questions

10. Course Grade Descriptors	
A+,A,A-	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesize
B+,B,B-	Strong evidence of the ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesize
C+,C,C-	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning such as describe and apply but not at high levels of learning such as to evaluate and synthesis
D+,D	Evidence of basic familiarity with the subject
F	Little evidence of basic familiarity with the subject

11. Course Content and Tentative Teaching Schedule

Topic/ Session	Content
1	Introduction A. Why Study Money, Banking, and Financial Markets (Ch.1) B. What is Money? (Ch.3)
2	Financial Markets A. The Meaning of Interest Rates (Ch.4) B. The Behavior of Interest Rates (Ch.5) C. The Risk and Term Structure of Interest Rates (Ch.6)
3	Central Banking and the Conduct of Monetary Policy A. The Money Supply Process (Ch.15) B Tools of Monetary Policy (Ch.16) C. The Conduct of Monetary Policy: Strategy and Tactics (Ch.17)
4	Monetary Theory A. Quantity Theory, Inflation, and the Demand for Money (Ch.20) B. The IS Curve (Ch.21) C. The Monetary Policy and Aggregate Demand Curves (Ch.22) D. Aggregate Demand and Supply Analysis (Ch.23) E. Monetary Policy Theory (Ch.24) F. The Role of Expectations in Monetary Policy (Ch.25) G. Transmission Mechanisms of Monetary Policy (Ch.26)
5	Financial Crisis (if time allows) A. Financial Crises in Advanced Economies (Ch.12) B. Financial Crises in Emerging Economies (Ch.13)

12. Required/Recommended Readings & Online Materials

Textbook	Recommended Textbook Mishkin, Frederic (2022). The Economics of Money, Banking and Financial markets, 13th Edition, Pearson. Another Useful Reference Abel, Andrew B., Bernanke, Ben S., and Croushore, Dean (2021). Macroeconomics, 10th Edition, Pearson.
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13. Means / Processes for Student feedback on Course

✓	Conducting mid-term survey in additional to SETL around the end of the semester
	Online response via Moodle site
	Others

14. Course Policy

- Keeping up with the lectures

Lecture notes will be posted in course moodle.

To do reasonably well in the course, you have to make an effort to keep up with the lecture materials on a regular basis. From past experience, students who do not keep up with the lectures on a regular basis tend to perform poorly or even fail the course. Therefore, we do not recommend you to take this course if you do not intend to work hard to keep up with the lectures on a regular basis.

- Term Test and Final Exam
 - You will need a calculator for the term test and the final exam.
 - The final exam is cumulative.
 - There will be NO make-up for the term test.

If you do not attend the test, you will automatically get zero mark for the test.

However, if there is a legitimate medical reason that you miss the test, you will need to inform the teacher or the teaching assistant and provide medical certificate within 72 hours of the test. In such case, the weight of the term test will be allocated to the final exam. Nonetheless, you should note that the final exam will be more difficult than the term test. Therefore, even if you were allowed to transfer the weight of the term test to the final exam, you would put yourself into a disadvantaged position. From past experience, students who missed the term tests tend to perform poorly in the course.

- If you cheat in any of the term test or the final exam, you will get zero mark for the test or the final exam.
- For the University regulations regarding the final exams, please refer to the Examinations Unit of HKU.