

University of Waterloo
Department of Economics
EC 206: Money and Banking
Winter 2018

Mondays and Wednesdays, 2:30pm – 3:50pm, RCH 110

Instructor Information

Instructor: Bohan Li
Office: HH 230
Office Hours: Mondays and Wednesdays, 4pm-5pm
Email: bli296@uwo.ca

Course Description

This course introduces the fundamentals of money, banking, and financial markets, with an emphasis on the Canadian economy. It begins with an overview of money, securities, and financial institutions. Next, it covers the basics of valuing bonds and stocks. We'll then introduce the purpose and functions of the Bank of Canada in more detail. Finally, we'll introduce a simple model to analyze the effects of monetary policy and other shocks on the economy.

To get the most out of this course, I recommend that you attend all lectures, participate in class discussions, and work on the optional quizzes on your own or in a group. While they are allowed, I also recommend not using laptops, tablets, and other electronic devices during class. Research shows they reduce student learning outcomes and grades. Taking notes with pencil and paper is slower, but helps you process and retain more of the information during the lecture.

Course Goals and Learning Outcomes

Upon completion of this course, successful students should be able to:

- Describe the features and purpose of financial instruments such as money, bonds, and stocks, and financial institutions like commercial banks, stock markets, and central banks.
- Calculate the present value, yield to maturity, and returns of bonds, and calculate the fair price and return of stocks.
- Use supply and demand analysis to find how the equilibrium quantity, price, and interest rates of bonds respond to events.
- Use the Aggregate Demand and Aggregate Supply framework to evaluate the effects of monetary policy and other shocks to the economy.

Required Text

- Mishkin, Frederic S. and Apostolos Serletis (2016). The Economics of Money, Banking, and Financial Markets, 6th Canadian Edition. Toronto: Pearson

Course Requirements and Assessment

	Location	Date (Tentative)	Weight
Online Quiz 1	LEARN	Due Jan 26, 11:59PM	2.5%*
Midterm Exam 1	In-Class	Jan 31, 2:30PM	25%
Online Quiz 2	LEARN	Due Feb 16, 11:59PM	2.5%*
Midterm Exam 2	In-Class	Feb 28, 2:30PM	25%
Online Quiz 3	LEARN	Due Mar 16, 11:59PM	2.5%*
Online Quiz 4	LEARN	Due Mar 28, 11:59PM	2.5%*
Final Exam	TBD	TBD	40%

* Replaced by next exam's grade if next exam's grade is higher. See "Online Quizzes" section.

Online Quizzes

Online quizzes are short low-stakes quizzes designed to provide feedback for your understanding of the material before the exams. These quizzes will be administered through LEARN. Answers to quizzes will be released the day after the deadline. If the grade on your next exam is higher than your quiz grade, the quiz grade will be replaced by the exam grade.

These quizzes can be completed in groups. Because they are designed as a review of the material before the exam, I strongly recommend you work on all problems, rather than copying down other students' answers. Working in groups is allowed, but please contribute to all of the problems rather than dividing up the questions among different students.

There are no deferrals or make-up quizzes. If a quiz is missed, the mark will be replaced by the next exam's mark.

(Quiz grade example: Suppose Andy gets a 70% on Quiz 1 and Devin gets a 100% on Quiz 1. If Andy gets an 80% on Midterm Exam 1, his Quiz 1 mark will be replaced by the 80%. If Devin also gets an 80% on Midterm Exam 1, his Quiz 1 mark will remain at 100%.)

Midterm Exams

Midterm exams will be a mix of multiple choice questions and short answer questions. They will be conducted in class at the usual time and location.

There are no deferred or make-up midterm exams. If a midterm exam is missed due to illness and a

verifiable medical certificate is provided, then the midterm exam's mark will take on the value of the final exam's mark. Otherwise, a mark of zero will be assigned to the missed exam.

Final Exam

The final exam will be a mix of multiple choice questions and short answer questions. The final exam will be scheduled by the registrar.

Please see the the [Deferred Final Exam Policy](#) for information on deferring the final exam.

Tentative Course Outline

Week	Date	Topic	Assessments
1	Jan 3	Ch 1	
2	Jan 8-10	Ch 2, 3	
3	Jan 15-17	Ch 4, 5	
4	Jan 22-24	Ch 6, 7	Online Quiz 1: Due Jan 26
5	Jan 29-31	Ch 14	In-Class Midterm 1: Jan 31
6	Feb 5-7	Ch 15	
7	Feb 12-14	Ch 16, 17	Online Quiz 2: Due Feb 14
8	Feb 19-21	Reading Week (No Class)	
9	Feb 26-28	Ch 20	In-Class Midterm 2: Feb 28
10	Mar 5-7	Ch 20, 21	
11	Mar 12-14	Ch 22	Online Quiz 3: Due Mar 16
12	Mar 19-21	Ch 23	
13	Mar 26-28	Ch 24	Online Quiz 4: Due Mar 30
14	Apr 2-4	Ch 25, 26	

This course outline is tentative and is subject to change. Changes to the course outline will be communicated in-class and on the LEARN website.

Academic Integrity

In order to maintain a culture of academic integrity, members of the University of Waterloo community are expected to promote honesty, trust, fairness, respect and responsibility. See the [UWaterloo Academic Integrity webpage](#) and the [Arts Academic Integrity webpage](#) for more information.

Discipline

A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to [Policy 71 - Student Discipline](#). For typical penalties check [Guidelines for the Assessment of Penalties \(https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/guidelines/guidelines-assessment-penalties\)](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/guidelines/guidelines-assessment-penalties).

Grievance

A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read [Policy 70 - Student Petitions and Grievances](#), Section 4 (<https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-70>). When in doubt, please be certain to contact the department’s administrative assistant who will provide further assistance.

Appeals

A decision made or penalty imposed under Policy 70, Student Petitions and Grievances (other than a petition) or Policy 71, Student Discipline may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to [Policy 72, Student Appeals \(https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-72\)](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-72).

Note for Students with Disabilities

The [AccessAbility Services](#) office, located on the first floor of the Needles Hall extension (NH 1401), collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the AS office at the beginning of each academic term.

Mental Health Support

All of us need a support system. The faculty and staff in Arts encourage students to seek out mental health supports if they are needed.

On Campus

- Counselling Services: counselling.services@uwaterloo.ca / 519-888-4567 ext 32655
- **MATES**: one-to-one peer support program offered by Federation of Students (FEDS) and Counselling Services
- Health Services Emergency service: located across the creek from Student Life Centre

Off campus, 24/7

- **Good2Talk**: Free confidential help line for post-secondary students. Phone: 1-866-925-5454
- Grand River Hospital: Emergency care for mental health crisis. Phone: 519-749-433 ext. 6880
- **Here 24/7**: Mental Health and Crisis Service Team. Phone: 1-844-437-3247
- **OK2BME**: set of support services for lesbian, gay, bisexual, transgender or questioning teens in Waterloo. Phone: 519-884-0000 extension 213

Full details can be found online at the Faculty of ARTS [website](#)

Download [UWaterloo and regional mental health resources \(PDF\)](#)

Download the [WatSafe](#) app to your phone to quickly access mental health support information

Territorial Acknowledgement

We acknowledge that we are living and working on the traditional territory of the Attawandaron (also known as Neutral), Anishinaabeg and Haudenosaunee peoples. The University of Waterloo is situated on the Haldimand Tract, the land promised to the Six Nations that includes six miles on each side of the Grand River.