

Monetary and Financial Economics

2014/2015 – 2^o semester

1	Financial system
1.1	Financing flows in the economy
1.2	Financial markets
1.3	Financial intermediaries
1.4	Financial instruments
2	Money
2.1	Concepts of money
2.2	Functions of money
2.3	Payment systems
2.4	Measuring money
3	Risk
3.1	Actual value and future value
3.2	Financial risk
3.3	Types of risk
3.4	Strategies to reduce financial risk
4	Portfolio theory
4.1	Return and risk of a financial asset
4.2	Return and risk of a portfolio
4.3	Efficient frontier
4.4	Money as a financial asset – Tobin's separation theorem
5	Bond market and interest rates
5.1	Measures of interest rates
5.2	Determinants of assets' demand
5.3	Structure of interest rates
6	Stock market
6.1	The price of a stock
6.2	Efficient financial markets theory
7	Derivatives markets
7.1	Definitions
7.2	Forwards
7.3	Futures
7.4	Options
7.5	Swaps
8	Exchange rate market
8.1	Exchange rates
8.2	Long-term exchange rate determination
8.3	Short-term exchange rate determination
9	Financial intermediation economics
9.1	Functions of financial intermediaries
9.2	Transaction costs, asymmetric information
10	Banks and financial innovation
10.1	Banks
10.2	Financial innovation
11	Financial crisis
11.1	Types of financial crisis

11.2	The 2007-2009 financial crisis
12	Money demand
12.1	Quantitative theory of money
12.2	Keynesian theory of preference for liquidity
12.3	Neo-keynesian theories of money demand
12.4	Friedman and the new quantitative theory
13	Money supply
13.1	Determinants of money supply
13.2	Money supply in the euro area
13.3	Monetary aggregates and counterparties
14	Monetary policy
14.1	Objectives and instruments of monetary policy
14.2	Monetary policy transmission mechanisms
14.3	Single monetary policy

References

- F. Mishkin (2010). *The Economics of Money, Banking and Financial Markets*, 9th ed., Pearson.
- Elton, J., Gruber, E., Brown, S., Goetzmann, W. (2009). *Modern Portfolio Theory and Investment Analysis*, 8th ed., Wiley & Sons, Inc.

Assessment

1. One multiple choice test (MCT), with a weight of 35% on the final grade.
2. The MCT is done in the slot of one lecture, after point 7 of the program (duration = 50 minutes).
3. Final exam, written test, without support material, after the end of the classes (duration = 120 minutes), with a weight of 65% on the final grade.
4. Minimum exam grade, for the weighting: 7/20.
5. If the MCT is not done, the final grade will be the grade of the exam.
6. A final grade above 17/20 implies an oral examination.

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MCT

13/04/2015, 14:30-15:30, AF23, AF2, 008 (A01)

14/04/2015, 15:00-16:00, AF3, AF4 (A02, E01)

Exam

EN – 16-06-2015, 09:00h.

ER – 29-06-2015, 12:00h.