

Finance 101/613 – Monetary Economics and the Global Economy

Summer 2021 Syllabus

Instructors: Marco Giometti (part I), Ewelina Zurowska (part II)

Note: All times are EST

Communication: Marco Giometti: mgiom@wharton.upenn.edu
Ewelina Zurowska: ewelina@wharton.upenn.edu

Office Hours: Marco:
Monday & Wednesday, 3pm-4pm (until June 11th)
Ewelina:
Monday & Wednesday, 3pm-4pm (starting June 14th)

Zoom link: available on Canvas

Synchronous Lectures: Monday & Wednesday, 9am to 12.30pm
Zoom links available on Canvas

TA: Maria Gelrud: mgelrud@wharton.upenn.edu

TA office hours: Tuesday & Thursday, 5pm-6pm
Zoom link: available on Canvas

1. Course Description

Finance 101 is an intermediate-level course in macroeconomics, with an emphasis on monetary policy and international macroeconomics. The goal of the course is to provide a unified framework to analyze macroeconomic issues such as business cycles, inflation, monetary policy, fiscal policy, and exchange rates. The ultimate objective is to teach students how to evaluate the global economic environment in which business decisions are made. Throughout the course, we will apply our analysis to current events, both in the United States and across the globe.

The course is structured into the following parts: national accounts, markets, general equilibrium and business cycles, monetary policy, and the open economy. The first part addresses how economists gauge the performance of the economy as a whole, and focuses on the components of GDP and inflation. The second part covers the key markets at the national level: the labor market, the goods market, and the asset market. The third part shows how equilibrium across these different markets shape the state of the economy, and how the economy responds to different types of shocks. The fourth part of

the course analyzes the role of monetary policy, with a particular focus on the decisions made by the Federal Reserve System during the Great Recession. The final part of the course teaches how macroeconomic dynamics change when countries can trade goods and assets internationally. This part includes the determination of exchange rates and the pricing of sovereign debt.

2. Class Structure

Classes will be held as live synchronous sessions. Attending the live classes is **not mandatory, but recommended**. However, the material covered in the live classes will be included in the exams. All lectures will be recorded and uploaded on Canvas and should be viewed by students to be able to learn all of the material for the course. We highly encourage students, who can, to attend the live classes. Non-mandatory attendance in these sections is meant to accommodate students in time zones that restrict their ability to watch them live.

3. Course Materials

The textbook for the course is “Macroeconomics” by Abel, Bernanke, and Croushore [ABC] (Pearson, 10th edition).¹ You can purchase the textbook at the bookstore. The book is also held on the course register in the Penn Library. We recommend that you buy the book, as it is a valuable resource to review and expand on the material covered in class, **but we do not require it**.

Websites: Canvas, Piazza

On Canvas you’ll be able to access:

- Announcements
- Syllabus
- Lecture Notes (slide deck for lectures)
- Lecture Recordings
- Quizzes
- Current-event assignments
- Practice questions
- Exams
- Piazza
- TA and Professor Contact Information, Office hour information
- Your Grades

¹ Using older editions of ABC is fine, however the chapter numbers in Syllabus corresponds to 10th edition.

All official announcement regarding the class will be done via Canvas.

We will be using **Piazza** for class discussion. The system is highly catered to getting you help fast and efficiently from classmates, the TAs, and instructors. We encourage you to **post your questions on Piazza**, rather than emailing the teaching staff. Students **are not allowed** to post on Piazza on exam days.

Find our class page at: <https://piazza.com/upenn/summer2021/fnce101613/home>

4. Grading

The final grade for the course is based on:

Midterm:	35%
Final:	40%
Quizzes:	15%
Current-event assignments:	10%
Class participation:	5% Bonus

Grades will not be rescaled. Final grade will be capped at 100 (even if you score 105).

Exams

There is one Midterm exam and one Final exam. The Midterm and the Final can be taken at any time in the allowed exam window, but **once you start you will have 90 (consecutive) minutes to complete each exam**. Once you start the exam, you cannot pause it and restart it at a later stage. Exams will be performed online within Canvas platform.

Exam windows:

Midterm: Available from 3pm on Friday, June 11th, until 3pm on Sunday, June 13th.
Final Exam: Available from 10.45am on Wednesday, June 30th, until 10.45am on Thursday, July 1st.

Both the Midterm and the Final need to be completed before the end of the assigned window (this includes any extra time allowed due to any SDS-accommodations). Therefore you should start the exam at least 90 minutes before the end of the exam window.

See the Class Schedule for additional details on the material covered in each Exam.

Departmental policy says:

There are only a few valid excuses for missing an exam. They are:

- Documented illness/health emergencies
- Religious observance
- Documented disabilities that allow you to take the exam under other circumstances
- A death in the family

Examples of reasons that are **not** valid for missing an exam are:

- Job interviews
- Job internships

If you are unexpectedly ill at the time of the exam and unable to reach the instructor ahead of time, then you can give notification and documentation of your illness as soon as you are able. Do not take an exam if you are ill and then expect to have an opportunity to retake the exam because you were ill the first time and did poorly.

Any request for a required make-up exam or for disability accommodations must be made at least one week before the exam. In case of serious illness on exam day, you must notify the professor before the exam begins, and provide official documentation from a doctor as soon as possible afterwards.

During the exams you will be able to use your class notes, lectures, and textbook to answer the questions (i.e. they are “open book”). However, your exams are personal and must be done without consulting with other students. While examinations will not be monitored as they are administered, **we will carefully check answers and time patterns to detect any possible misbehavior. Students that have done so will receive an automatic fail for the course.**

Problem sets

There will be five graded quizzes (under Quizzes) and four article assignments (under Assignments). **Quizzes and assignments will be posted in Canvas at least one week before the due date, and likely earlier.** You will get long problem sets with a varying degree of difficulty in questions, whose purpose is to make you think about economic theories and applications. You will get both theoretical and empirical questions. You will analyze real-time economic data that is made available by the Federal Reserve Bank, the Bureau of Economic Analysis, the International Monetary Fund, or the World Bank.

Bonus - Class Participation

Participation is expected from students. If time zone permits, students should attend the synchronous section of the class. Participating in all synchronous sections will grant

students the full class participation bonus. Participation does not mean just to attend the online class but also be an active member of the class – answering live poll questions and ask questions.

We understand not all students are able to attend the synchronous portion of the class. If you cannot attend the synchronous section, for example if your time zone does not permit it, we encourage you to be active on Piazza, for example posting a question, or, if you know the answer to another's student's question, to post your answer! Please remember that with the grading scheme adopted in this class, it is possible to achieve the maximum final grade – which is 100 – even without any bonus points.

5. How to Study

- *Before class:* Read required readings.
- *After class:* Re-read your notes within 24 hours to make sure you understood the lecture. You are encouraged to read the book chapters of the material we covered in class. Post questions via **Piazza** on topics that need additional clarification. Reading and answering other students' questions is a great way to deepen your knowledge on class material. You can work in groups on the quizzes and assignments, but make sure that you spend time by yourself before you meet your study partners. Even if you prefer to work on your homework in groups, every quiz and assignment must be individually written and submitted.
- *Throughout the course:* Make it a habit to follow economic & financial news.

6. Whom to Contact / Additional Resources

- For problems relating to access to *Canvas*: Go to <http://www.library.upenn.edu/courseware/> and click "Support for Students".
- For *class material* (problems, math, graphing, concepts): Contact the instructors or the TA during office hours. Attend office hours. Attending office hours and being present and asking questions in class are the best ways to learn. Sending emails about graphs or mathematical material or general concepts is not the best way to learn.
- *Special needs/arrangements:* Reasonable accommodation will be made for those with special needs. Please contact Student Disability Services (SDS) and the Instructors.

7. Policies

a. Late/missed work

No late problem set submission is accepted. No make-up for problem sets will be provided. No extra credit assignments for missed homework will be provided.

b. Regrading requests

Every exam will have its own grading policy published on Canvas for maximum transparency. Check your grading scheme against the policy. For the exams, requests must be made within one week from the date that the exam is returned (whether or not you actually pick up your exam on that date).

For each part of the exam that you think was incorrectly graded, give a written explanation of your view: The written explanation should detail why your grading is inconsistent with the policy. You must submit the **entire exam for a regrade**. Your score can go **down or up** as a result of regrading.

c. Integrity.

Penn has a clear Code of Academic Integrity. It's your responsibility to familiarize yourself with the code, and to follow it to the letter: http://www.upenn.edu/provost/PennBook/academic_integrity_code_of

d. Fairness

All rules in this class, including those of attendance and grading implicitly involve flexibilities, and furthermore, these flexibilities are equally applied to everyone. No one will be punished for being busy or sick for a few times during the semester. Because of this embedded flexibility, further pleas for exceptions or extensions will not be entertained. Use this flexibility wisely: Keep them for a true emergency, so that should an unforeseen event occur, you do not have to think about Finance 101.

Class Schedule

Lecture		Date	Topic	ABC Chapter	Instructor
1	1	M 24-May	Introduction & Measuring Economic Activity Price Indices and Inflation	1.1, 2.1-2.3 2.4-2.5	Marco
	2				Marco
2	3	W 26-May	Aggregate Production and Labor Demand Labor Supply, Labor Market Equilibrium, and Unemployment	3.1-3.2 3.3-3.6	Marco
	4				Marco
3	5	W 2-Jun	Consumption-savings decision Investment and Goods Market Equilibrium	4.1 4.2-4.3	Marco
	6				Marco
4	7	M 7-Jun	Money and Household Portfolio Money Demand and Asset Market Equilibrium	7.1-7.2 7.3-7.5	Marco
	8				Marco
5	9	W 9-Jun	Setting Up the IS-LM Model Equilibrium, Analysis, AD-AS	9.1-9.3 9.4-9.6	Marco
	10				Marco
		F 11-Jun	Review for Midterm (9am – 10.30am) Midterm (to be taken on Canvas at any time during the window from 3pm on Friday, June 11, until 3pm on Sunday, June 13)		Marco Marco
6	11	M 14-Jun	Introduction to Business Cycle Real Business Cycle and Government Spending	8.1-8.4 10	Ewelina
	12				Ewelina
7	13	W 16-Jun	Price rigidities and Business Cycle Monetary Policy and Federal Reserve System	11 14.1-14.3	Ewelina
	14				Ewelina
8	15	M 21-Jun	Unconventional monetary policy The Philips Curve	14.4 12	Ewelina
	16				Ewelina
9	17	W 23-Jun	Introduction to Open Economy Exchange rates	5.1-5.4 13.1-13.2	Ewelina
	18				Ewelina
10	19	M 28-Jun	IS-LM Open Economy with Flexible Exchange Rates IS-LM Open Economy with Fixed Exchange Rates	13.3 13.4-13.5	Ewelina
	20				Ewelina
Final		W 30-Jun	Review for Final Exam (9am – 10.30am) Final Exam (to be taken on Canvas at any time during the window from 10.45am on Wednesday, June 30, until 10.45am on Thursday July 1st)		Ewelina
				Ewelina	

* Please post your question regarding the class materials on **Piazza** forum. Other students, TA or relevant instructor will be monitoring the forum and responding to students' questions in timely fashion. We do not guarantee to answer question posted on the exam date before the end of the exam time window. To ensure the answer, please post those question at latest on the day before.

** In case the question is not suitable to be asked on Piazza forum, please contact Marco if you have a question regarding lectures 1-10 or midterm and Ewelina for questions relating to lectures 11-20 and final exam.

Homework Information

Homework is completed on Canvas. There will be 5 quizzes and 4 current-event assignments.

- The idea behind the homework is to get you spend time thinking about economics. Quiz questions will ask you to analyze not only theoretical foundations, but real time data that we can work with. This might include spending time with empirical data sets, analyzing graphs, and drawing conclusions.
- For each of the current-event assignments, you are required to do the following. First, you will choose an article on a topic relevant to the class – from a reputable economic or financial newspaper/magazine/source (e.g. The Economist, New York Times, Financial Times, Wall Street Journal, Bloomberg, etc.). Second, you will write a short two-paragraph memo in which you should summarize the article and then explain its relevance to the class and why you found it interesting. You can access the relevant journals via the University Library (printed version in the library or electronic one via e-journals in Franklin catalogue online) or online. Please include the title of the article, date and source it was published in as well as your name in the memo.
- You may work together for the homework, but everyone needs to write and submit their own copy.
- Late homework is not accepted.

	Topic	Due Date All homework due at 9 am
Quiz 1	Chapter 2, 3	31 May 2021
Assignment 1	GDP/Inflation/Labor	2 June 2021
Quiz 2	Chapter 4	7 June 2021
Assignment 2	Consumption/Money	9 June 2021
Quiz 3	Chapter 7, 9	11 June 2021
Assignment 3	Business Cycle	21 June 2021
Quiz 4	Chapter 8,10,11	23 June 2021
Assignment 4	Monetary or Fiscal Policy	28 June 2021
Quiz 5	Chapters 12, 14	30 June 2021