

COURSE OUTLINE

Course Code / Title	:	HE3111 Monetary Economics
Pre-requisites	:	HE1003 or HE1004 Mathematics for Economists, HE2001 Microeconomics II and HE2002 Macroeconomics II
No. of AUs.	:	3
Contact Hours	:	39

Course Aims

The course will start with a simple model of money, the overlapping generations model where money is a store of value. The fundamentals of the demand for fiat money, inflation, the demand deposit, bank runs and the role of central banking are examined. Then, we will study money interaction with other financial assets and the real effects of money on output and national account.

Intended Learning Outcomes (ILO)

By the end of this course, you (as a student) would be able to:

1. interpret and explain the standard modern model of a closed monetary
2. explain the positive and negative effects of inflation
3. explain the real effects of money on output and national account
4. evaluate how financial innovations affect the welfare of the economy
5. apply the bank-run model to explain main sources of financial fragility

Course Content

1. Fiat money, commodity money and inflation
2. Demand deposit and the role of central bank
3. Money's interaction with other financial assets
4. Effects of money on saving, investment, and output

Course Assessment

Mid-term Quiz	: 25%
Presentation	: 15%
Final Examination	: 60%

Total	100%

CA1: Mid-term Quiz (25%)

The quiz will comprise multiple-choice, fill in the blank and matching questions, which will take place during week 7 or 8. Tested material will include content from readings, lecture, and tutorial activities. The quiz will be conducted in the lecture theatre, and you must complete within one hour.

CA2: Presentation (15%)

Team Presentation: presenting the findings from the group assignment. Students will be assessed as a team; however, individual score may vary based on peer's feedback (if any) about the individual contributions to the Presentation.

CA3: Final Examination (60%)

A comprehensive examination that will evaluate the students' knowledge and understanding of the course. It will include everything covered throughout the semester. There will be multiple choice, fill in the blank, matching questions, and essay questions.

Formative feedback

In groups, you will choose to present a research article relating to monetary economics and conduct a presentation to the entire class. You will receive both written and verbal feedback from the lecturer about your reports and presentations.

Reading and References

Champ, Freeman, Haslag, "Modeling Monetary Economies", 5th edition, 2022.

Course Policies and Student Responsibilities

(1) General

You are expected to complete all assigned pre-class readings and activities, attend all seminar classes punctually and take all scheduled assignments and tests by due dates. You are expected to take responsibility to follow up with course notes, assignments and course related announcements for seminar sessions you have missed. You are expected to participate in all seminar discussions and activities.

(2) Absenteeism

This course requires you to be in class to contribute to team work. In-class activities make up a significant portion of your course grade. Absence from class without a valid reason will affect your overall course grade. Valid reasons include falling sick supported by a medical certificate and participation in NTU's approved activities supported by an excuse letter from the relevant bodies. There will be no make-up opportunities for in-class activities.

Academic Integrity

Good academic work depends on honesty and ethical behaviour. The quality of your work as a student relies on adhering to the principles of academic integrity and to the NTU Honour Code, a set of values shared by the whole university community. Truth, Trust and Justice are at the core of NTU's shared values.

As a student, it is important that you recognize your responsibilities in understanding and applying the principles of academic integrity in all the work you do at NTU. Not knowing what is involved in maintaining academic integrity does not excuse academic dishonesty. You need to actively equip yourself with strategies to avoid all forms of academic dishonesty, including plagiarism, academic fraud, collusion and cheating. If you are uncertain of the definitions of any of these terms, you should go to the academic integrity website for more information. Consult your instructor(s) if you need any clarification about the requirements of academic integrity in the course.

Course Instructors

Instructor	Office Location	Phone	Email
Dr Chua Yeow Hwee	TBC	TBC	yeowhwee.chua@ntu.edu.sg

Planned Weekly Schedule

Week	Topic	Course LO	Readings/ Activities
1	Introduction of model of money	1	Chapter 1, 2
2	Demand for fiat money	1, 2	Chapter 3
3	Barter and Commodity money	1, 2	Chapter 4
4	Inflation	2	Chapter 5
5	Price Surprises	2	Chapter 7
6	Money and Capital	2, 4	Chapter 8
7	Liquidity and Financial intermediation	4	Chapter 9
Recess Week			
8	Central banking	3	Chapter 10
9	Money Stock fluctuations	2, 3	Chapter 11
10	Fully backed Central Bank Money	3, 4	Chapter 12
11	Payment System	3, 4	Chapter 13
12	Bank Risk	5	Chapter 14
13	Liquidity Risk and Bank Panics	5	Chapter 15

Appendix 1: Assessment Criteria - Presentation

	Exceptional Grade: As	Effective Grade: Bs	Developing Grade: C to D	Unsatisfactory Grade: F
Explanation of issues	Issue/ problem to be considered critically is stated clearly and described comprehensively, delivering all relevant information necessary for full understanding.	Issue/ problem to be considered critically is stated, described, and clarified so that understanding is not seriously impeded by omissions.	Issue/ problem to be considered critically is stated but description leaves some terms undefined, ambiguities unexplored, boundaries undetermined, and/ or backgrounds unknown.	Issue/ problem to be considered critically is stated without clarification or description.
Student's position (perspective, thesis/hypothesis)	Specific position (perspective, thesis/ hypothesis) is imaginative, taking into account the complexities of an issue. Limits of position (perspective, thesis/ hypothesis) are acknowledged.	Specific position (perspective, thesis/ hypothesis) takes into account the complexities of an issue.	Specific position (perspective, thesis/ hypothesis) acknowledges different sides of an issue.	Specific position (perspective, thesis/ hypothesis) is stated, but is simplistic and obvious.
Influence of context and assumptions	Thoroughly (systematically and methodically) analyzes own and others' assumptions and carefully evaluates the relevance of contexts when presenting a position. Integrates alternate, divergent, or contradictory	Identifies own and others' assumptions and several relevant contexts when presenting a position. Incorporates alternate, divergent, or contradictory perspectives or ideas in an exploratory way	Questions some assumptions. Identifies several relevant contexts when presenting a position. May be more aware of others' assumptions than one's own (or vice versa). Includes (recognizes the value of) alternate,	Shows an emerging awareness of present assumptions (sometimes labels assertions as assumptions). Begins to identify some contexts when presenting a position. Acknowledges (mentions in

	perspectives or ideas fully.		divergent, or contradictory perspectives or ideas in a small way.	passing) alternate, divergent, or contradictory perspectives or ideas.
Conclusions and related outcomes (implications and consequences)	Conclusions and related outcomes (consequences and implications) are logical and reflect student's informed evaluation and ability to place evidence and perspectives discussed in priority order.	Conclusion is logically tied to a range of information, including opposing viewpoints; related outcomes (consequences and implications) are identified clearly.	Conclusion is logically tied to information (because information is chosen to fit the desired conclusion); some related outcomes (consequences and implications) are identified clearly.	Conclusion is inconsistently tied to some of the information discussed; related outcomes (consequences and implications) are oversimplified.
Civic Communication	Tailors communication strategies to effectively express, listen, and adapt to others to establish relationships to further civic action	Effectively communicates in civic context, showing ability to do all of the following: express, listen, and adapt ideas and messages based on others' perspectives.	Communicates in civic context, showing ability to do more than one of the following: express, listen, and adapt ideas and messages based on others' perspectives.	Communicates in civic context, showing ability to do one of the following: express, listen, and adapt ideas and messages based on others' perspectives.
Presentation Delivery	Delivery techniques (posture, gesture, eye contact, and vocal expressiveness) make the presentation compelling, and speaker appears polished and confident.	Delivery techniques (posture, gesture, eye contact, and vocal expressiveness) make the presentation interesting, and speaker appears comfortable.	Delivery techniques (posture, gesture, eye contact, and vocal expressiveness) make the presentation understandable, and speaker appears tentative.	Delivery techniques (posture, gesture, eye contact, and vocal expressiveness) detract from the understandability of the presentation, and speaker appears uncomfortable.

Please Note ([compulsory note](#)): To do well on the team assessment, it is necessary for you to demonstrate positive interdependence and teamwork. In principle, you will receive the same marks as your team. However, your individual score may vary based on feedback about your contributions to the Presentation.