



ECON350

Money and Finance

S1 Evening 2018

Dept of Economics

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General Information

Unit convenor and teaching staff

Unit Convenor

Ha Vu

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Contact via ha.vu@mq.edu.au

E4A 429

Wednesday 11am -12, and by appointment

Credit points

3

Prerequisites

6cp at 200 level including (ECON200 or ECON201 or ECON203 or ECON204)

Corequisites

Co-badged status

Unit description

This unit provides a review and analysis of the role and characteristics of financial markets, institutions, and the instruments they trade. The workings of the Australian financial system are explored, but the unit is also very global in focus. Money and finance are examined both in terms of theoretical foundations and in practical application, and there is a strong preference for the use of history as a vehicle for providing perspective and insight. Topics include: the meaning and nature of money; techniques of selling and pricing securities; rational expectations; efficient markets; the innovations of behavioural finance; arbitrage and speculation; and in-depth analyses of the functions and features of money markets, bond markets, equity markets and the actions and presumptions of monetary authorities. The central theme of the unit is that innovation in money and finance has been as important as innovation anywhere else in shaping the modern world.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

Learning Outcomes

On successful completion of this unit, you will be able to:

Be open to new ways of thinking and engagement in the professional literature of money and finance.

Identify, define and analyse problems such as financial crises and the surge of crypto currency, and recommend creative solutions within real-world constraints.

Demonstrate a capacity to work independently including the ability to research, plan, and achieve goals.

Be intellectually ready to participate in public policy discussions arising in social, business and policy environments.

Assessment Tasks

Name	Weighting	Hurdle	Due
<u>Online Quizzes</u>	5%	No	Weeks 4, 10 and 12
<u>Class Test</u>	25%	No	Week 7
<u>Assignment</u>	20%	No	4pm Wednesday 9 May (Week 9)
<u>Final Examination</u>	50%	No	University Examination Period

Online Quizzes

Due: **Weeks 4, 10 and 12**

Weighting: **5%**

There will be 3 online quizzes in this course, and each containing 20 true/false and multiple choice questions. The highest two will be counted and together they are worth 5%. Each student will most likely face a slightly different set of questions. The quizzes will be accessed online through the unit web page at <http://ilearn.mq.edu.au>. The opening and closing times and dates for each quiz are as follows:

Quiz 1: Open: 9am Saturday 24 March; and Close: 11pm Monday 26 March.

Quiz 2: Open: 9am Saturday 19 May; and Close: 11pm Monday 21 May.

Quiz 3: Open: 9am Saturday 02 June; and Close: 11pm Monday 04 June

Please note that no extensions will be granted. Failure to complete any quiz will result in a zero mark for that quiz. The penalty does not apply for cases in which an application for Special Consideration is made and approved. In this case, students will have to complete an alternative assessment.

Students must be aware that IT failures may occur, and that with large numbers of students, congestion can at times limit access. It is the student's responsibility to plan for these possibilities, and completion of the quiz soon after released is strongly advised.

Read the "Instruction for Online Quizzes" carefully before attempting.

On successful completion you will be able to:

- Demonstrate a capacity to work independently including the ability to research, plan, and achieve goals.

Class Test

Due: **Week 7**

Weighting: **25%**

In **week 7** there will be a written Class Test for all students in Econ350.

The test will take place **in lectures (the first hour)**. Normal examination conditions will apply of course, and you must bring with you your official University ID card.

The test will be of **60 minutes**, and a combination of true/false with explanation, and short-answer questions.

Failure to attend the class test without the submission of an application for Special Consideration on the grounds of illness or unavoidable mishap together with the required supporting documentation (see the *Policies and Procedures* section for details) will result in a mark of **zero** for the assessment.

If the application for Special Consideration is accepted, the student will have to take a supplementary test which could be an oral test.

On successful completion you will be able to:

- Be open to new ways of thinking and engagement in the professional literature of money and finance.
- Identify, define and analyse problems such as financial crises and the surge of crypto currency, and recommend creative solutions within real-world constraints.

Assignment

Due: **4pm Wednesday 9 May (Week 9)**

Weighting: **20%**

The assignment will contain a number of discussion/explanation questions based on the provided articles. The assignment questions and related reading articles will be released on iLearn in due course.

Submission

The Assignment must be submitted in the relevant box in BESS by **4pm on Wednesday, 9 May**.

Before the due date and time the assignment **must also be submitted through 'Turnitin'**. Assignments not submitted through this programme will receive zero marks.

Extension

Genuine and documented cases of illness and misadventure may allow for an extension of the

due date upon the submission of an application for Special Consideration, but no other circumstances will allow for this (that means students who have not submitted the assignment by the deadline will be awarded a mark of zero for the task).

Penalties

Severe penalties will apply for cases of plagiarism, up to and including exclusion from the unit.

Penalties will also apply for late submission of the Assignment. Such penalties will include the loss of 10% of the marks for any assignment submitted after **4pm on Wednesday, 9 May**, and then 10% further for each day beyond the submission date after that.

On successful completion you will be able to:

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- Demonstrate a capacity to work independently including the ability to research, plan, and achieve goals.
- Be intellectually ready to participate in public policy discussions arising in social, business and policy environments.

Final Examination

Due: **University Examination Period**

Weighting: **50%**

The final examination will consist of true/false, short-answer, and essay-type questions. Further details relating to the number of questions and so on will be given closer to the Exam.

This two hour final exam will be held during the University Examination period.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations: <http://www.exams.mq.edu.au/>

The only exception to not sitting an examination at the designated time is because of **documented** illness or **unavoidable** disruption. In these circumstances you may consider applying for Special Consideration (See the Policies and Procedure section for details). If a Supplementary Examination is granted as a result of the Special Consideration process, the examination will be scheduled after the conclusion of the official examination period. Also, although the material coverage for the Supplementary exam would be the same as the final exam, **it will include only essay-type questions.**

You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, the final day of the official examination period.

In the unlikely event of documented illness or misadventure a supplementary exam **may** be

awarded. Such an exam would consist of essay-type questions only.

On successful completion you will be able to:

- Be open to new ways of thinking and engagement in the professional literature of money and finance.
- Identify, define and analyse problems such as financial crises and the surge of crypto currency, and recommend creative solutions within real-world constraints.

Delivery and Resources

There is one three-hour class per week (in one block), comprising lectures and practices questions.

Timing and location of the Econ350 Lecture Programme can be found at:
<https://timetables.mq.edu.au/2018/>

Students are expected to **attend the full quota of lectures as all the material covered in class is examinable.**

The lectures of Econ350 will be streamed live and recorded on the University's. This can be found at: <http://ilearn.mq.edu.au>

Required and Recommended Texts and/or Materials

(a) There is NO prescribed textbook for Econ350.

(b) Here are some useful books for this course:

(i) Kidwell, D. et al. 2014, Financial Markets, Institutions and Money (3rd edn), Australian Edition, John Wiley & Sons Australia.

(ii) Niall Ferguson. 2008, 'The Ascent of Money', published Allen Lane (Penguin), London. This book provides an overview of the history of money and finance – indeed, its subtitle is 'A Financial History of the World'. What makes this different to most books recommended for courses such as this is that it is also great fun to read – full of drama, violence, scandal, passion, crime, and so on – in short, all the things that really drive money and finance. It takes its story all the way up to mid-2008. A television series on the book was also made in 2008, and it is available on YouTube at <https://www.youtube.com/watch?v=fsrtB5lp60s>.

(iii) Felix Martin (2014) 'Money: The Unauthorized Biography--From Coinage to Cryptocurrencies'. Here is the review of the book from the New York Times: <https://www.nytimes.com/2014/04/13/books/review/money-by-felix-martin.html>

(iv) Mervyn King (2016) 'The end of Alchemy: Money, Banking and the future of the Global Economy'. Here is the review of the book from the New York Times: <http://www.nybooks.com/articles/2016/07/14/money-brave-new-uncertainty-mervyn-king/>

(c) Other resources useful for this course:

Banking Weekly Podcasts - Financial Times: podcast.ft.com/banking-weekly

www.bloomberg.com

www.theeconomist.com

IMF Podcasts

Technology Used and Required

iLearn; i-Lecture

Learning and Teaching Activities

As noted above, this unit is taught via three hours of lectures per week. In terms of student activity in relation to this, it is suggested that lecture slides and/or any readings be read in advance. Meanwhile, keeping up to speed on events impacting financial institutions and markets will be highly advantageous.

Unit Schedule

Lecture Topics
Topic 1: Introduction Kidwell, Ch.1; Ferguson, introduction.
Topic 2: The Evolution of Money in Theory and Practice Ferguson, passim; Davies, Glyn, 1994 & 2002, A History of Money, University of Wales; Press, Cardiff. There are significant web resources for this book. These can be found at: http://projects.exeter.ac.uk/RDavies/arian/llyfr.html
Topic 3: Interest Rates: Their Theory and Structure Kidwell, Ch.4, Ch. 7;
Topic 4: Central Banking and Monetary Policy Kidwell, Ch.2, Ch.3 RBA Website, www.rba.gov.au
Topic 5: Money Markets Kidwell, Ch.8
Topic 6: Bond Markets Kidwell, Ch.6, Ch.9; Ferguson, Ch.2;
Topic 7: Equity Markets Kidwell, Ch.10; Ferguson, Ch.3;

Topic 8: Derivatives and Options Markets

Kidwell, Ch.11

Ferguson, Ch.5

See also C-Span video on the Futures by Emily Lambert::

<https://www.c-span.org/video/?297717-1/futures>

Topic 9: Behavioural Finance

Ferguson, Ch.3, Ch.6

And: <http://www.behaviouralfinance.net/>

Topic 10: Crypto Currencies

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** *The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.*)

Undergraduate students seeking more policy resources can visit the [Student Policy Gateway](https://students.mq.edu.au/support/study/student-policy-gateway) (<https://students.mq.edu.au/support/study/student-policy-gateway>). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/study/getting-started/student-conduct>

Results

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they

are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit [ask.mq.edu.au](#).

Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

IT Help

For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#). The policy applies to all who connect to the MQ network including students.

Graduate Capabilities

Discipline Specific Knowledge and Skills

Our graduates will take with them the intellectual development, depth and breadth of knowledge, scholarly understanding, and specific subject content in their chosen fields to make them competent and confident in their subject or profession. They will be able to demonstrate, where relevant, professional technical competence and meet professional standards. They will be able to articulate the structure of knowledge of their discipline, be able to adapt discipline-specific knowledge to novel situations, and be able to contribute from their discipline to inter-disciplinary solutions to problems.

This graduate capability is supported by:

Learning outcomes

- Be open to new ways of thinking and engagement in the professional literature of money and finance.
- Identify, define and analyse problems such as financial crises and the surge of crypto currency, and recommend creative solutions within real-world constraints.
- Demonstrate a capacity to work independently including the ability to research, plan, and achieve goals.
- Be intellectually ready to participate in public policy discussions arising in social, business and policy environments.

Assessment tasks

- Online Quizzes
- Class Test
- Assignment
- Final Examination

Critical, Analytical and Integrative Thinking

We want our graduates to be capable of reasoning, questioning and analysing, and to integrate and synthesise learning and knowledge from a range of sources and environments; to be able to critique constraints, assumptions and limitations; to be able to think independently and systemically in relation to scholarly activity, in the workplace, and in the world. We want them to have a level of scientific and information technology literacy.

This graduate capability is supported by:

Learning outcomes

- Be open to new ways of thinking and engagement in the professional literature of money and finance.
- Identify, define and analyse problems such as financial crises and the surge of crypto currency, and recommend creative solutions within real-world constraints.
- Demonstrate a capacity to work independently including the ability to research, plan, and achieve goals.
- Be intellectually ready to participate in public policy discussions arising in social, business and policy environments.

Assessment tasks

- Online Quizzes
- Class Test
- Assignment

- Final Examination

Problem Solving and Research Capability

Our graduates should be capable of researching; of analysing, and interpreting and assessing data and information in various forms; of drawing connections across fields of knowledge; and they should be able to relate their knowledge to complex situations at work or in the world, in order to diagnose and solve problems. We want them to have the confidence to take the initiative in doing so, within an awareness of their own limitations.

This graduate capability is supported by:

Learning outcomes

- Be open to new ways of thinking and engagement in the professional literature of money and finance.
- Identify, define and analyse problems such as financial crises and the surge of crypto currency, and recommend creative solutions within real-world constraints.
- Demonstrate a capacity to work independently including the ability to research, plan, and achieve goals.
- Be intellectually ready to participate in public policy discussions arising in social, business and policy environments.

Assessment tasks

- Assignment
- Final Examination

Effective Communication

We want to develop in our students the ability to communicate and convey their views in forms effective with different audiences. We want our graduates to take with them the capability to read, listen, question, gather and evaluate information resources in a variety of formats, assess, write clearly, speak effectively, and to use visual communication and communication technologies as appropriate.

This graduate capability is supported by:

Learning outcome

- Be intellectually ready to participate in public policy discussions arising in social, business and policy environments.

Assessment tasks

- Class Test
- Assignment
- Final Examination

Research and Practice

This unit makes extensive use of Macquarie University researchers, as can be seen from the reading guide, lecture slides, and elsewhere.