Course Sections: On Line

Professor Brandl:
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Course Description

Financial markets are becoming ever more global and ever more interconnected. The global financial crisis that began in 2008 and continues to reverberate today demonstrates how interconnected are our financial markets. In this course you will examine the interconnections of these markets. After building a tool set that is necessary to examine global markets we will examine how monetary and fiscal policies impact our global financial markets. We will then examine the important foreign exchange market and the controversies that exist in these markets. During this you will be expected to draw the connections between the concepts discussed in the class and current financial crisis.

Along the way you will be expected to master important concepts, not merely understand them. You will be expected to draw connections between and among the concepts we cover. Finally, you will be expected to be able to apply these concepts in a situation you have never seen before.

This course is offered only on-line. You will be expected to read the assigned course material before you watch the on-line portion of the course. The on-line portion of the course will consist mainly of video lectures given by Professor Brandl as well as other professionally produced video.

To assist you in your mastering of the course concepts homework assignments will be assigned. These are designed to prepare you for the course exams which will be used to determine your final grade. While the class does not meet in one physical location, it is highly suggested that you study the course material with a colleague who is also currently enrolled in course.

Required Readings

Irwin, Neil The Alchemists: Three Central Bankers and a World on Fire, Penguin Books reprint paperback edition. ISBN 978-0143124993. You can purchase this book in any form you desire: hardcover, paperback, audio, etc. You will be expected to read it in its entirety, focusing on how it is connected to concepts covered in the course.

All other required readings for the course can be found on Carmen.
Suggested Optional Sources (note: NOT required)


Additional Resources

This course stresses the impact of global financial markets on businesses. The *Wall Street Journal* provides national and international news as well as detailed information on financial markets and institutions. The WSJ is an excellent source of information for any serious business student.

Another excellent source of information, which is also highly recommended, is the *Financial Times*. The *Financial Times* is a daily newspaper out of London with a US edition. The *Financial Times* offers a much more extensive coverage of economic and business activity outside of the United States, compared to mostly domestic news sources such as the WSJ.

The *Economist* is an outstanding weekly British newsmagazine. It analyzes the week's events and surveys financial market developments. It is a must for a serious business student. Be warned however, the *Economist* is not an "easy read." Its target audience includes senior executives as well as high ranking government official. However, if you truly desire to succeed in a business career get used to reading information at this level.

Grade Determination

Five Homework Assignments: 20%
Midterm Exam 35%
Cumulative Final Exam 45%

Exams

Taking either the midterm or final exam early to accommodate travel plans is NOT possible. Make-up final exams will be granted under only the most extreme circumstances such as a documented serious illness. Failure to show up for an exam does not warrant a make-up exam.

The exams are closed book, closed notes exams. No study sheets, crib notes or other aids will be allowed to be used during the exam. You can expect time pressure on the two exams. The exams will cover material covered in the assigned readings, video lectures and other material assigned including material from *The Alchemists* book.

The exam is designed to test students’ abilities to solve problems as well as recall and organize information rapidly. Exam questions will require you to know definitions of key concepts, be able to explain concepts, require you to tie concepts together, expect you to apply concepts to business situations, require you to be familiar with historical occurrences relative to key concepts, and be able to solve and interpret graphical and mathematical problems.

Each student is to bring a picture ID to the exam, and must present it to a proctor when asked. Students are also expected to bring a #2 pencil. Calculators and smart phones are NOT allowed to be used during the exam.
Homework Assignments

The Homework assignments are designed to help prepare you for the exams. The questions on the homework assignments, some of which will be conceptual, others mathematical, and still others application based, will help you prepare for the exams.

Q: Can I prepare the Homework Assignments with a classmate?

Yes. The Homework Assignments are designed for your benefit. They are designed to give you experience in applying what you have learned in class and from the readings. The Homework Assignments also reflect what the exam will look like. Thus, it is highly suggested that you treat the Homework Assignments like mini-exams: do them on your own, after you have reviewed the material, and think a great deal about your responses. If after you have attempted to answer the questions on your own, feel free to consult with members of your study group or other class colleagues. Waiting until the last minute to answer the Homework Questions is sub-optimal. Use the Homework Assignments as a learning tool.

The Final Grade

In calculation of the final grade the traditional scale of: 90-100 A, 80-89 B, 70-79 C, 60-69 D, below 60 F is used. Course totals are generally “curved” as follows: Roughly at least the top 15-20% of the class will get A’s. Roughly, at least the next 25-30% will get B’s. The percentage of the class getting C’s is variable, but generally it is close to 35%. In the event more than 15% of the class averages above 90, I will give more A’s than usual. The same with 80 and B’s, 70’s and C’s, etc. Pluses and minuses will be reserved for those very close to the cut-off points, thus, very few pluses and minuses will be assigned.

The final grade assigned is an informed and final evaluation and not the beginning offer in a bargaining process. If an error occurs in the calculation of your grade, please notify Professor Brandl or his TA during the beginning of the following semester and actions will be taken to correct any errors. Please do NOT contact Professor Brandl or the TA to "lobby" for a higher grade. Any lobbying efforts (i.e. asking for a higher grade simply because you want one or need one) will not be tolerated.

Make-up or extra work to improve your grade is not possible. Your final letter grade is determined by the above stated method. Your general academic situation (For example, “I need a ‘C’ in this course to graduate.”) and/or personal problems cannot be considered. The final grade in the course, once assigned, will not be changed except in the event of a recording error.

Religious Conflicts. Students whose religious observations conflict with the assignment schedule will not be penalized in any way. If your religious observation conflict with the published schedule of assignments for the course, however, you must notify the instructor in writing no later than the third class period so that alternative arrangements can be made.
Any student who feels s/he may need an accommodation based on the impact of a disability should contact me privately to discuss your specific needs. Please contact the Office for Disability Services at 614-292-3307 in room 150 Pomerene Hall to coordinate reasonable accommodations for students with documented disabilities. This must be done within the first two weeks of the class otherwise alternative test taking formats maybe impossible to accommodate.

Academic Misconduct

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Thus, The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University's Code of Student Conduct, and that all students will complete all academic and scholarly assignments with fairness and honesty. Students must recognize that failure to follow the rules and guidelines established in the University’s Code of Student Conduct and this syllabus may constitute “Academic Misconduct.”

The Ohio State University’s Code of Student Conduct (Section 3335-23-04) defines academic misconduct as: “Any activity that tends to compromise the academic integrity of the University, or subvert the educational process.” Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University’s Code of Student Conduct is never considered an “excuse” for academic misconduct, so I recommend that you review the Code of Student Conduct and, specifically, the sections dealing with academic misconduct.

If I suspect that a student has committed academic misconduct in this course, I am obligated by University Rules to report my suspicions to the Committee on Academic Misconduct. If COAM determines that you have violated the University’s Code of Student Conduct (i.e., committed academic misconduct), the sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.

NOTE: The University and College expectation is that students spend two hours outside of class for every hour spent in class. Since this course “meets” 3 hours per week, you should expect to spend 6 hours per week outside of class on course-related work. Thus, you should be spending at least six hours per week outside of class (viewing videos probably more than once) on this course alone. That time should be spent reading the textbook, taking notes on what you were reading, rewriting your class notes, meeting with class colleagues in going over what you have learned (note: this does NOT mean merely reading your notes back and forth to each other), working on homework problems, reading current business press to see how concepts learned tie into the course, thinking about how the course concepts tie together, thinking about how the concepts discussed in this course tie in with concepts discussed in other courses, testing yourself to see if you can explain, in your own words, the concepts discussed in the class and how they tie together, and coming up with your own version of exam questions. And, finally, visiting me in my office Fisher 836 even if it is not during “official” office hours.
**Tentative Course Outline** (subject to change – see Carmen for updates)

Week 1: Jan 11 - 15: **Introduction & Loanable Funds Model**
- Read through syllabus
- View video lectures on course overview and structure
- Review material from economics course work
- View the video lectures on Loanable Funds Model & read required readings.
- Be able to explain the purpose and structure of the Loanable Funds model
- Be able to use the Loanable Funds to determine interest rates.
- Be able to explain the link between Loanable Funds model to current and past financial market events.
- Complete Homework #1 on Carmen

Reading: Syllabus
Brandl Chapter 7: Money & Banks
Brandl Ch. 3: Bonds and Loanable Funds

Video/Podcast Lectures:
- Podcast Overview
- Loanable Funds I: Pool of LF
- Loanable Funds II: Graph of LF
- Loanable Funds III: Equilibrium
- Loanable Funds IV: Changes in demand
- Loanable Funds V: Changes in supply
Total Time: 67:46

Week 2: Jan 19 – Jan 22: **Applications of Loanable Funds Model**

**Monday Jan 18: MLK Day**
- View the video lectures on LF applications and search for examples in the recent business press.
- Be able to explain in words and diagrams the various applications of the LF model.
- Be able to use the Loanable Funds model to predict interest rate movements when multiple events occur.
- Be able to discuss the short comings of the LF model.
- Complete Homework #2 on Carmen

Reading: Recent editions WSJ, FT, NYTimes and The Economist

Video Lectures:
- LF applications I: Fisher Effect
- LF applications II: Flight to Quality
- LF applications III: Bond Market
- LF applications IV: Business Cycle and IR
- LF applications V: Wealth and Poverty
Total Time: 67:45
Week 3: Jan 25 – 29: **Aggregate Supply/Aggregate Demand**
- View the video lectures on AS/AD model & read required readings.
- Be able to explain how the AS/AD framework has evolved.
- Be able to use the AS/AD framework to anticipate changes in global financial markets.
- Use the AS/AD framework to explain how changes in policy can impact global financial markets.
- Complete Homework #3 on Carmen

**Reading:** Brandl Ch. 6: AS/AD

**Video Lectures:** Aggregate Demand and multiplier
Keynes' Aggregate Supply
Keynes' approach
Keynesian 3-part Aggregate Supply
Stagflation, 1979 & Rational Expectations
Business Cycles in RE: Shocks
Recession, Fin Mkts & self-corrections

Total Time: 111:42

Week 4: Feb. 1 - 5: **Global Monetary Policy**

**Wednesday Feb. 3rd MIDTERM EXAM 6:30pm** (covers Week 1-3 material)
- View the video lectures on global monetary policy & read required readings.
- Be able to compare and contrast the different major central banks.
- Be able to explain how changes in US monetary policy impact global financial markets.
- Be able to explain how open market operations are supposed to work and when they fail to work as planned.
- Be able to discuss the debates over the operation of monetary policy
- Be able to demonstrate the link between the AS/AD model, Loanable Funds Model, the bond market and monetary policy.
- Complete Homework #4 on Carmen

**Reading:** Brandl Ch. 8 & 9: Central Banks & Monetary Policy Tools

**Video lectures:** Monetary Policy defined and Central Banks
Expansionary OMO
Contractionary OMO
Great Recession and QE
Target: Low IR, Money or expectations?
Target: Asset bubbles

Total Time: 86:37
Week 5: Feb. 8 - 12: Fiscal Policy around the world
- View the video lectures and watch the documentary Masters of Money – Keynes
- Be able to use the Loanable Funds Model, AS/AD and the bond market to explain the issues that surround fiscal policy.
- Be able to explain the links between fiscal policy and global financial markets.
- Be able to explain how Keynes explained the use of fiscal policy and how that relates to issues we face after the recent global financial crisis
- Look for applications of fiscal policy in the recent business press.
  Reading: Recent editions WSJ, FT, NYTimes and The Economist
  Video lectures: Fiscal Policy: New Deal, LBJ & Reagan/Thatcher
                 Crowding Out
                 Intergenerational Transfers
                 Masters of Money – Keynes
  Total Time: 113:46

Week 6: Feb. 15 - 19: Foreign Exchange Markets and Regimes
- View the video lectures of FX market & read required readings.
- Be able to explain in words and diagrams the supply and demand in FX market.
- Be able to explain how changes in exchange rates impact businesses and consumers through the global financial markets.
- Be able to predict changes in exchange rates when multiple events occur.
- Be able to explain the gold standard and the evolution of FX regimes since the end of the gold standard.
- Be able to explain the debate over fixed exchange rates from a business perspective.
- Be able to explain Mundell’s Optimal Currency Area and its impact on businesses and the global financial markets
- Complete Homework # 5
  Reading: Brandl Chapter 19
  Video lectures: FX I - Basic Terms
                 FX II - Supply in FX
                 FX III - Demand in FX
                 FX IV - Changes 1
                 FX V - Changes 2
                 FX VI - Changes 3
                 FX VII - Changes 4
                 FX VIII - Changes 5
                 FX IX - Summary
                 FX Regimes I
                 FX Regimes II
                 FX Regimes III
                 FX Regimes IV
                 Welcome to the eye of the storm
                 Who is Yanis Varoufakis?
                 We are going to destroy the Greek oligarchy system
                 The rock-star economist turned politician
  Total Time: 85:29

FINAL EXAM: WEDNESDAY FEB. 24th at 6:30pm