

Eco4934: Read the Fed: Federal Reserve, Monetary Policy and the Economy

Instructor: Sheng Guo, sguo@fiu.edu

Course website: on FIU Canvas

Class time and classroom: T/Th 11-12:15p, PC 447

Office hours: In office DM 318A @T/Th 10a-11a, or Zoom (by appointment).

Course Description and Purpose

The U.S. Federal Reserve System is one of the most influential monetary authorities in the world. It implements monetary policies and issues guidelines that have broad impacts on the U.S. and world economies. Market participants gain their edge by following the Federal Reserve's assessment of current economic status, by comprehending its publicized monetary policies along with the underlying rationales and intentions, and by correctly forecasting and incorporating Federal Reserve's next policy moves.

In this course, students will learn to follow and understand Federal Reserve's outlooks, policies and guidelines by reading official documents from the agency, such as monetary policy statements, FOMC meeting minutes, and public speeches of key officials. We start with the basic elements and framework of monetary economics, such as what the money is and what the interest rates are, move on to the description of the Federal Reserve's organization setup, authorities and mandates, and eventually, with sufficient knowledge equipped, arrive at the place where students are able to dissect the language of those official documents to extract meaningful information that is informative for their own economic forecast and decisions.

Disclaimer:

All assignments and tests, except presentations, will be conducted online, utilizing Access Pearson linked via Canvas, along with other materials hosted on Canvas. These online tasks are designed to be completed using a desktop computer that is securely connected to the internet. It is your responsibility to ensure that your computer hardware and internet connection are in working condition. Please note that computer failure and poor internet connection will not be considered legitimate excuses for late submissions or for requesting make-up opportunities.

If you encounter issues with the vendor's website (Access Pearson or Canvas), it is essential to take screenshots and request detailed log documentation from the vendors to demonstrate that the fault lies on their end. Only after obtaining this evidence should you discuss any potential makeup work with me.

In cases of other emergency situations, comprehensive documentation must be also provided promptly before discussing the possibility of makeup work with me.

Textbook

Mishkin, Frederic S., Money, Banking, and Financial Markets (13th Edition). Pearson, 2022 (**purchase needed**; the e-text version is bundled with MyLab and Mastering package, \$109.99 for 6-month access).

(Note: if you decide to purchase Pearson MyLab package directly, please **log into Canvas and click on “Access Pearson” tab to register and purchase**. There is no course ID needed for registration.)

Bernanke, Ben S., The Federal Reserve and the Financial Crisis. Princeton University Press, 2013 (**no need to purchase**; free to FIU students and posted in Canvas)

Class Outline (to be revised if necessary):

Week 1 (Jan 9-11): Mishkin (henceforth referred to as **M**), Chapter 3
Week 2 (Jan 16-18): **M**, Chapter 4
Week 3 (Jan 23-25): **M**, Chapter 5
Week 4 (Jan 30-Feb 1): **M**, Chapter 9 (FOMC meeting)
Week 5 (Feb 6-8): **M**, Chapter 13.1-13.5
Week 6 (Feb 13-15): **M**, Chapter 14
Week 7 (Feb 20-22): **M**, Chapter 15.1-15.3
Week 8 (Feb 27-29): Spring Break (no class)
Week 9 (Mar 5-7): **M**, Chapter 16
Week 10 (Mar 12-14): Bernanke (henceforth referred to as **B**), Chapter 1-2
Week 11 (Mar 19-21): **B**, Chapter 3-4 (FOMC meeting)
Week 12 (Mar 26-28): **M**, Chapter 17
Week 13 (Apr 2-4): **M**, Chapter 18
Week 14 (Apr 9-11): Fed Challenge presentations
Week 15 (Apr 16-18): Fed Challenge presentations
Week 16 (Apr 22-26, Final Week) Final Exam (online via Honorlock in Canvas)

Grading

The total score is 105 points. There are no extra credit opportunities for this course. The weight of each assessment category is listed below:

Homework assignments for Mishkin's book chapters (on Pearson MyLab): 45% of course grade; 5% for each homework assignment, 10 assignments in total; the lowest homework grade will be dropped.

- Unless otherwise noted, assignments and quizzes are usually open on Saturday of the preceding week and due on Friday of the current week.
- For a homework assignment on Pearson MyLab, students can still submit their solution within 48 hours after the time due, albeit penalized by 20% of the score they obtain (per day per late question). After 48 hours, the homework assignment is permanently closed. Note that this late submission option will not be activated

unless you start working on the homework before Friday 11:59pm, the formal due date.

- For homework assignments, although every student is to submit his or her own solutions individually, students are encouraged to form study groups to work on the assignments in a group setting. For best results, no more than 3 students should be allowed in a study group.

Quizzes for Benanke's book chapters (on Canvas): 15% of course grade; 4 quizzes, 5% each, the lowest quiz grade dropped.

One individual Final Exam (on Pearson MyLab through Canvas Honorlock): 15% of course grade.

- **No collaborations are allowed for quizzes or exams.**

Two group mini-writing assignments: 10% of course grade; 5% each.

Group presentation of a Bernanke book chapter: 5% of course grade.

Group Fed Challenge presentation: 15% of course grade

Letter	Range%	Letter	Range%	Letter	Range%
A	90 or above	B	70 - 79.99	C	55 - 59.99
A-	85 - 89.99	B-	65 - 69.99	D	50 - 54.99
B+	80 - 84.99	C+	60 - 64.99	F	49.99 or less