

Instructor: Andrea Orame  
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Office Hours: by appointment

**Course Description:** the course develops a set of tools to analyze the interaction between money, financial markets and banks. The role of central banks and the conduct of monetary policy is taken into account. Relevant theory is then tested to get a better understanding of the recent financial crises.

**Text:** Frederic S. Mishkin, *The Economics of Money, Banking and Financial Markets*, Global Edition, 11/E (Pearson).

<http://catalogue.pearsoned.co.uk/catalog/academic/product?ISBN=9781292094182-IS>

Required and optional readings will be made available.

**Rules:** there will be a final written exam. No problem sets or midterms are scheduled. The possibility to get additional points with class presentations on approved relevant topics will be provided. Please, limit emails to contact me: for personal advise, take advantage of my presence at the end of lectures.

## Course Outline:

- Part 1**
  - Money: definitions and empirical evidence
  - Interest rates I
  - Demand for money
  - The quantitative equation (theory) of money
  
- Part 2**
  - The financial structure and the asymmetric information problem: an overview
  - Financial intermediation as delegated monitoring
  - Diamond-Dybvig: liquidity insurance and bank runs
  - The supply of money
  
- Part 3**
  - The IS-LM model in the short run
  - The IS-LM model in the long run
  - The aggregate demand and the aggregate supply
  - Poole analysis
  
- Part 4**
  - How central banks set the interest rates
  - On inflation and deflation
  - Time inconsistency: discretion versus commitment
  - Taylor rule and Inflation targeting
  - Inflation derivatives and inflation expectations: basics
  
- Part 5**
  - Interest rates II
  - The risk and the term structure of interest rates
  - Monetary policy at the zero lower bound
  - Forward guidance
  - The recent financial crises: a recap