

UNIVERSITY OF DETROIT MERCY
ECN 5660 – INTERNATIONAL MONETARY ANALYSIS (01)
On Campus

Instructor: Joseph A. Weglarz - Lecturer
Class Hours: Tuesday: 6:40 – 9:10 p.m.
Briggs Building (Room 12)
Office Hours: Macomb University Center: Tuesday and Thursday (1-4 p.m.)
Briggs Room 315: Monday, Wednesday, Friday (11 a.m. – 12 p.m.)
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Financial Economics students are expected to:

- Critically analyze articles and handouts in diverse areas of international economics
- Employ multiple critical and creative thinking strategies in reasoning and problem-solving related to global market decision-making
- Understand the fundamental concepts of modern international monetary and financial economics
- Identify the leading theories in the development of modern international and financial economics

Course Objectives: The student will be able to:

- Calculate the balance on merchandise trade; balance on goods, services, and income; current account balance; and capital account balance
- Determine whether a country is in a balance-of-payments surplus or deficit
- Understand the major components of the foreign exchange market
- Examine a two-country example of an effective exchange rate
- Define and calculate SDRs
- Understand the demand for and supply of currencies
- Compare and contrast absolute and relative purchasing power parity
- Review past exchange-rate systems as well as an assessment of Bretton Woods
- Explore new forms of exchange-rate arrangements
- Examine foreign exchange risk
- Understand the various elements of international financial arbitrage using Eurocurrencies
- Examine the essential elements of the international money and capital markets
- Review interest yields, interest rate risk, and derivative securities
- Differentiate between currency futures and forward currency contracts
- Understand the important dimensions of international financial intermediation
- Examine the global payment systems and their particular risks
- Review the basic functions of central banks and their monetary tools
- Review the functions of the International Monetary Fund and World Bank
- Explore the recent developments in the evolution of global capital markets
- Examine the essential elements of the “Trilemma”

- Explore the possibility of re-designing the international financial architecture
- Explore the traditional, monetary, and portfolio approaches to balance-of-payments and exchange-rate determination
- Examine the economic goals of national policymakers through fiscal and monetary tools
- Compare and contrast fixed versus floating exchange rates
- Examine the policy assignment problem (assigning internal and external objectives)
- Explore new open economy macroeconomics and its policy implications
- Examine structural interdependence and its implications
- Understand the advantages and disadvantages of international policy coordination

Texts: Daniels, Joseph P. and Van Hoose, David D. *International Monetary and Financial Economics*. Boston: Pearson Education, Inc., 2014. (IMFE)

Authers, John. *The Fearful Rise of Markets*. London: Financial Times Press, 2010. (FRM)

Mostrous, Yiannis G., Gue, Elliott H., and Dittman, David F. *The Rise of the State*. London: Financial Times Press, 2010. (RS)

Additional readings and handouts will also be used as supplements to the assigned texts.

Course Description: An analysis of monetary and financial problems, adjustment mechanisms, and policies of international trade, including the foreign exchange market, capital flows, and international liquidity. Cyclical, secular, and structural disequilibria in the balance of payments are examined as are gold movements and the role of central banks and international monetary agencies. The course will also analyze the challenges of underdeveloped nations, debt forgiveness, and funding of Third World projects. Ethical considerations of the human impact of international economic trends will also be evaluated.

Examinations: There will be five quizzes and three exams.

Your grade will be based on: $500/5 = \text{Final Grade}$

3 exams @ 100 pts. = 300

5 quizzes @ 50 pts. = 200

*Note: lowest quiz score will be automatically dropped!

Examinations and Quizzes:

Students are required to take all five quizzes and all three

2	01/14	The Foreign Exchange Market
3	01/21	A History of Exchange Rate Systems
4	01/28	International Arbitrage QUIZ I (Authers, Chapters 1-10)
5	02/04	Interest Rates and International Financial Markets Review for Exam I
6	02/11	EXAMINATION I (Chapters 1-5)
7	02/18	International Financial Intermediation and Central Banking
8	02/25	International Capital Issues QUIZ II (Authers, Chapters 11-20)
9	03/04	Mid-Winter / Spring Break
10	03/11	Balance-of-Payments and Exchange-Rate Determination I Quiz III (Authers, Chapters 21-27)
11	03/18	Balance-of-Payments and Exchange-Rate Determination II
12	03/25	EXAMINATION II (Chapters 6-9)
13	04/01	Economic Policymaking with Fixed and Floating Exchange Rates QUIZ IV (Mostrous et.al, Chapters 1-12)
14	04/08	Economic Policymaking in a Global Economy QUIZ V (Mostrous et.al, Chapters 7-13)
15	04/15	International Policy Issues Review for Exam III
16	04/22	7:30 – 9:20 p.m. (Briggs Building – Room 12) EXAMINATION III (Chapters 11-12, 14-15)

Compliance with UDM Student-Related Policies

Students of the University of Detroit Mercy are expected to comply with all policies and practices established by the College and/or University. Listed below are a few specific

UDM policies, however the list is not intended to be exhaustive. A complete listing of all UDM policies can be found in the UDM Student Handbook, and students are expected to be familiar with all UDM student-related policies.

Student Course Evaluations

Student course evaluations are an important source of information for curricular and teaching improvement in the College of Liberal Arts and Education. As such, all students enrolled in CLAE courses are strongly encouraged to complete an online course evaluation. Course evaluations are completed during the two weeks prior to the deadline for faculty to submit final grades each semester. Information is provided to students through email explaining how to complete the evaluation online.

Available Support Services

The University of Detroit Mercy has a wide array of support services available to all students that include the library, media center, tutoring (UAS, 3rd Floor of Library) and Writing Center (Briggs 135). The UDM Student Handbook contains complete information regarding location and hours of operation of the University's support services. Students are encouraged to utilize the support services provided by the University, as needed.

UDM Policy on Plagiarism and Academic Integrity

As members of an academic community engaged in the pursuit of truth and with a special concern for values, students are expected to conform to a high standard of honesty and integrity in their academic work. The fundamental assumption under which the University operates is that work submitted by a student is a product of his/her own efforts.

Among the most serious academic offenses is plagiarism, submitting the style of another author or source without acknowledgment or formal documentation. Plagiarism occurs when specific phrases or entire passages, whether a sentence, paragraph or longer excerpt, are incorporated into one's own writing without quotation marks or documentation. One also plagiarizes by paraphrasing the work of another, that is, retaining another writer's ideas and structure without documentation.

Students are advised always to set off another writer's exact words by quotation marks, with appropriate references. Students avoid plagiarism by concentrating on their own words and ideas and by fully crediting others' words and ideas when they find their way into the writing. Whenever in doubt, cite the source.

Students that purchase essays from other students or agencies or who copy from one another or from prohibited sources, commit the most serious type of academic dishonesty. The consequences of plagiarism, or any act of academic dishonesty, may range from failure on an assignment or in a course to dismissal from the University.

Disability Support Services and Accommodations:

It is very important for students to be proactive with regard to requesting disability accommodations. While it is never required that you disclose your disability to your professors, all students at UDM are encouraged to talk to their professors to discuss their concerns. Faculty cannot provide disability accommodations without official notification from the Disability Support Services office. If you need an accommodation because of a disability, if you have emergency medical information to share, or if you need special arrangements in case the building must be evacuated, please contact Emilie Wetherington as soon as possible to schedule an appointment (gallegem@udmercy.edu or (313) 578-0310). Disability Support Services is located in the Student Success Center, Room 319, on the 3rd Floor of the Library, McNichols Campus.

**Statement Regarding
Professional Conduct:**

Student communications to and with the professor shall at all times be conducted in a professional and courteous manner.