

Faculty of Economic, Social and Political Sciences



ECON2151 Economics and monetary institutions

[30h+15h exercises] 6 credits

This course is taught in the 2nd semester

Language: French

Level: Second cycle

Aims

Students will be expected to learn the basics of monetary and financial economics. To this end, they will have to be able to perform a reasoning of monetary policy within the theoretical frameworks examined during the course, to use concepts linked to information asymmetry in order to explore the setting up and development of monetary and financial institutions in the broad sense of the phrase, to carry out basic financial economics calculations linked to the interest rate, to justify the form of the yield curve with theories studied on the course, to establish the link between risk and output using different approaches, and to establish a basic reasoning of short- and long-term interest rates.

Students will also have to demonstrate some understanding of developments of systems of trade, and particularly the construction of the Economic and Monetary Union.

Main themes

The following issues will be examined:

- link between the real and financial spheres;
- monetary creation, money demand and monetary balance;
- interest rate determinants;
- exchange rate determinants;
- information asymmetry theory, banks and control bodies;
- development of monetary and financial markets;
- development of exchange systems;
- EMU.

Content and teaching methods

The course contains an exposition of the main monetary and financial theories; the tools required to understand these theories are also examined. A link is systematically established between these theories and reality, making use of econometric studies where appropriate.

The course consists of lectures, but it is also participative. Expositions often involve an intuitive introduction given by the students themselves, and this is complemented by exchanges in the form of question/answer sessions with participants.

Students are also invited to submit topical questions for everyone's consideration.

The course is accompanied by directed reading (in English) that enables students individually to study an aspect of the subject in depth.

Lastly, two activities are organised on an alternating basis: in the first year, there is a visit to the Brussels stock exchange, and the following year, there is a meeting with graduates working in the financial field.

Other information (prerequisite, evaluation (assessment methods), course materials recommended readings, ...)

Courses on Economics and Mathematics in the preparatory Economic Sciences degree course.

Written examination and individual work attracting ± 2 marks to the overall mark for the examination.

Course notes

For directed reading