

Finance 1010 – Monetary Economics and the Global Economy

Fall 2024 Syllabus
Professor Martin Souchier

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Office Hours: **Wednesday** 1:40 PM to 3:00 PM on Zoom (4 slots of 20 mins)
Zoom link and registration: [here](#)

Lectures: **Tuesday and Thursday**
FNCE 1010-001 from 8:30 AM to 10:00 AM (SHDH 211)
FNCE 1010-002 from 10:15 AM to 11:45 AM (SHDH 211)

Recitations: **Friday**
FNCE 1010-001 from 8:30 AM to 9:30 AM (SHDH 211)
FNCE 1010-002 from 10:15 AM to 11:15 AM (SHDH 211)

TAs: tbd

TA office hours: tbd

1. Course Description

FNCE 1010 is an intermediate-level course in macroeconomics, with an emphasis on business cycles, economic policies, and international macroeconomics. The goal of the course is to provide a unified framework to analyze macroeconomic topics such as booms and recessions, inflation, monetary and fiscal policies, and exchange rates. The ultimate objective is to teach students how to evaluate the global economic environment in which business decisions are made. Throughout the course, we will apply our analysis to current events, both in the United States and across the globe.

The course is structured into the following parts: national accounts, markets, general equilibrium and business cycles, monetary and fiscal policy, and the open economy. The first part addresses how economists gauge the performance of the economy as a whole and focuses on the components of GDP and inflation. The second part covers the key markets at the national level: the labor market, the goods market, and the asset market. The third part shows how equilibrium across these different markets shapes the state of the economy, and how the economy responds to different types of shocks. The fourth part of the course analyzes the role of monetary policy, with a particular focus on the decisions made by the Federal Reserve System during the Great Recession, and fiscal policy. The final part of the course teaches how macroeconomic dynamics change when countries can trade goods and assets internationally. At the end of the semester, students will apply foundational and empirical knowledge to review several global economic events.

2. Course Materials

The recommended textbook for the course is “Macroeconomics” by Abel, Bernanke, and Croushore [ABC] (Pearson, 11th edition or older). The textbook is available for purchase in the bookstore. You are not required to purchase the textbook.

If the lecture includes required readings, those would be available at least 24 hours prior to the lecture. The slide deck will be also available on Canvas before each class.

Throughout the semester, you should keep current with economic news, as we will discuss some of them in class. A subscription to The Financial Times, The Wall Street Journal, The Economist, or a close substitute is recommended.

Websites: *Canvas, Ed Discussion, and PollEverywhere.*

On [Canvas](#) you'll be able to access:

- Announcements
- Modules
- Syllabus
- Ed Discussion
- Lecture Slides
- Lecture Readings – from several media sources and the Fed
- TA and Professor Contact Information, Office hour information
- Recitation Guideline

- Global Analysis Project (GAP) Details
- Your Grades

All official announcements regarding the class will be done via Canvas.

We will be using [Ed Discussion](#) for class discussion. The system is highly catered to getting you help fast and efficiently from classmates, the TAs, and myself. Rather than emailing questions to the teaching staff, we encourage you to post your questions on Ed Discussion. Students **are not allowed** to post on Ed Discussion on exam days. Find our class page via Canvas.

More sensitive questions that you don't want shared with others are of course welcome over email. *Please let us know of any difficulties you may be having with the course as soon as possible.* These difficulties may arise from the course itself, or external forces (e.g., other courses, personal issues). Regardless of the source, let us know *as soon as possible* so we can work together to avoid larger problems later. Wharton and the University offer a wide range of support services that are geared towards helping students.

During classes, we will be using [PollEverywhere](#). This is a platform in which you will answer multiple choice questions on class material, and that we will use to record attendance. Participating in polls counts towards your participation grade. The questions aim to provide you with practice and help us gauge the understanding of the material. Therefore, participation rather than correctness of answers is what counts towards your grade.

To participate, you will need to have a phone or laptop handy in-class and you will need to have an account at PollEverywhere. You can find help setting it up [here](#). You must sign in into your account before answering questions, so that we can give you credit for your participation. The questions will be under: PollEv.com/souchier.

Recitations are review classes given by one of the TAs. The recitations will be 60-minute long, with the first 40 minutes dedicated to solving problems and the last 20 minutes for Q&A. Please email the TAs in case you have specific questions regarding the material. Recitations are optional, but highly recommended because they cover similar materials to problem sets and midterms. You should attend the recitation corresponding to your section unless it conflicts with the recitation from another class you are taking. There will be no recitation on November 22nd and December 6th.

3. Grading

The final grade for the course is based on:

Exams:	60%
Problem sets:	20%
GAP Project:	10%
Class participation:	10%

Exams

There are two Midterm exams

Midterm 1: October 1st at 7 pm (Lectures 1 to 10)

Midterm 2: November 21st at 7 pm (Lectures 12 to 24)

The exams are “closed book” and in person. That is, you are not allowed to bring any material to the exam. See the Class Schedule at the end of the syllabus for additional details on the material covered in each Exam.

The weight of each midterm exam is 50% (30% of the final grade of the class).

Students are responsible for making sure, at the beginning of the term, that they can attend the exams. Registering for a course means that you certify that you will be present for the exam (unless one of the explicitly stated exceptions below arises).

Departmental policy says:

There are only a few valid excuses for missing an exam. They are:

- Documented illness/health emergencies
- Religious observance
- Documented disabilities that allow you to take the exam under other circumstances
- A death in the family

Examples of reasons that are *not* valid for missing an exam are:

- Job interviews
- Job internships

If you are unexpectedly ill at the time of the exam and unable to reach the instructor ahead of time, then you can give notification and documentation of your illness as soon as you are able. Do not take an exam if you are ill and then expect to have an opportunity to retake the exam because you were ill the first time and did poorly.

Any request for a required make-up exam or for disability accommodations must be made at least one week before the exam. In case of serious illness on exam day, you must notify the professor before the exam begins, and provide official documentation from a doctor as soon as possible afterwards.

Problem sets

There will be six graded problem sets. Homework is due via Canvas and may have a separate written component. **Problems will be posted on Canvas at least one week before the due date.** You will get long problem sets with a varying degree of difficulty in questions, whose purpose is to make you think about economic theories and applications. You will get both theoretical and empirical questions. Some problem sets are fairly long; prepare to spend time on them.

Each problem set will be worth 40 points, giving you the possibility of accumulating 240 points across six problem sets. The moment you accumulate 200 points, you will get the full 20% grade for the homework. For example, if you solve 3/4 of the questions in HW1 and submit it by the deadline, you will accumulate 30 points (3/4 of 40) towards your goal of 200. Any score below 200 will be prorated. Ex: 150 points will give you 15%, any score above 200 will be capped at 20%. Ex: 210 points will still give you 20% towards your final grade. You may not redistribute excess homework score towards other parts of the grading.

Because of this flexibility, late submissions are **NEVER** accepted, and we will not regrade homework questions, unless a glitch appears in the software *that affects everyone*. If you can't access the homework, you have to solve that problem in advance to be able to submit your homework in a timely manner. Please do not send the professors or TAs screenshots of why you couldn't access the website, etc.

Class Participation

10% of the final grade will be based on class participation. Participating in all lectures is required (except Sep 26, Nov 19, and Nov 26) and will grant students the full class participation grade. Participation does not mean just attending the lecture but also to be an active member of the class – answering live poll questions, asking questions in class, and submitting in-class exercises. If something prevents you from attending any specific lecture (except Sep 26, Nov 19, and Nov 26), you should email the professor in advance.

Global Analysis Project

The Global Analysis Project (GAP) is a group assignment promoting teamwork and communication, near the end of the semester. More details are at the end of the syllabus and will also be given later during the semester.

4. How to Study

- *Before class*: Read required readings.
- *After class*: Re-read your notes within 24 hours to make sure you understood the lecture. You are encouraged to read the book chapters of the material we covered in class. Post questions via **Ed Discussion** on topics that need additional clarification. Reading and answering other students' questions is a great way to deepen your knowledge on class material. You can work in groups on the problem sets, but make sure that you spend time by yourself before you meet your study partners. Even if you prefer to work on your assignments in groups, every problem set must be individually written and submitted.
- *On a weekly basis*: Attend recitations and office hours. Weekly recitations will be crucial in preparing you for exams.
- *Throughout the semester*: Make it a habit to follow economic & financial news.

5. Whom to Contact / Additional Resources

- To *join a section* or *change sections* or *waitlists*: Stacy Franks is the Undergraduate Coordinator in the Finance department (stacyf@wharton.upenn.edu). You can also email fnce-courses@wharton.upenn.edu (emailing the professor only delays the department's response).
- For problems relating to access to *Canvas*: Go to <http://www.library.upenn.edu/courseware/> and click "Support for Students".
- For *class material* (problems, math, graphing, concepts): Contact a Finance 1010 TA during office hours or recitations. Attend office hours. Attending office hours and being present and asking questions in class are the best ways to learn. Sending emails about graphs or mathematical material or general concepts is not the best way to learn.
- *Special needs/arrangements*: Reasonable accommodation will be made for those with special needs. Please contact Student Disability Services (SDS) and Prof. Souchier.

6. Policies

a. Late/missed work

No late problem set submission is accepted. No make-up for problem sets will be provided. No extra credit assignments for missed homework will be provided.

b. Regrading requests

Every exam will have its own grading policy published on Canvas for maximum transparency. Check your grading scheme against the policy. Requests must be made within one week from the date that the exam is returned (whether or not you actually pick up your exam on that date).

For each part of the exam that you think was incorrectly graded, give a written explanation of your view: The written explanation should detail why your grading is inconsistent with the policy. You must submit the **entire exam for a regrade**. Your score can go **down or up** as a result of regrading.

c. Generative AI

You *may not* use generative AI (e.g. ChatGPT) for your work in this class. The work you produce should be your own, free from any AI assistance. Submitting work that contains AI-generated content will be considered a violation of Penn's Code of Academic Integrity, and suspected use will be referred to the Center for Community Standards & Accountability (CSA).

d. Integrity.

Penn has a clear Code of Academic Integrity. It's your responsibility to familiarize yourself with the code, and to follow it to the letter: http://www.upenn.edu/provost/PennBook/academic_integrity_code_of

e. Fairness

All rules in this class, including those of attendance and grading implicitly involve flexibilities, and furthermore, these flexibilities are equally applied to everyone. No one will be punished for being busy or sick for a few times during the semester. Because of this embedded flexibility, further pleas for exceptions or extensions will not be entertained. Use this flexibility wisely: Keep them for a true emergency, so that should an unforeseen event occur, you do not have to think about Finance 1010.

Homework Information

Problem sets are completed on the Canvas website.

- You can work on the assignment and save your progress, but you must submit it before the due date.
- You may work together for the homework, but everyone needs to submit their own copy.
- After submitting the homework, you will immediately get your grade and see which questions you got right. You will have a second attempt to submit answers to the questions in which you were wrong. If you get the right answer on the second attempt, you will obtain 1/2 credit for that question.
- Late homework is not accepted.

	Coverage	Due Date All homework due at 8:30 am
HW 1	Lectures 2-5	Tuesday, Sep 17 th
HW 2	Lecture 6-9	Friday, Sep 27 th
HW 3	Lectures 12-14	Tuesday, Oct 22 nd
HW 4	Lectures 15-17	Tuesday, Oct 29 th
HW 5	Lectures 18-20	Tuesday, Nov 12 th
HW 6	Lectures 21-23	Tuesday, Nov 19 th

Global Analysis Project

The goal of the Global Analysis Project (GAP) is to use the economic models learned in class to provide an analysis of the causes and consequences of real economic events both in the US and across different countries. I will provide a list of economic events and the groups will choose one of them.

The GAP consists of a 7-minute presentation + 3-minute Q&A that will be presented live to the class towards the end of the semester. The presentation contains:

- **Economic background:** economic background on the country's economy and the context of the economic event.
- **Analysis:** description of the unfolding of the event. This section should include an analysis based on the tools and models learned in the class.
- **Policy:** discussion of policy proposals to address the economic event. This section should also analyze policies that were implemented during the event.

You should work on the GAP in groups of six students. You will form groups with students in your OWN section. You CANNOT choose students from other sections. Students who cannot find a group will be assigned randomly to one. All members must be present on the day of the presentation and teams may present in any way they choose. The presenting team should make the material interesting and challenging enough so that listeners (myself, the TA and the other students) are motivated to ask questions and engage with the presentation.

The grade combines the grade of the Professor (70%), the grade of the TA (15%), and the grade given by your classmates (15%). All students in the group will get the same grade regardless of their individual contributions. However, if a member doesn't show up on the day of the presentation, that member's GAP grade will be 0¹. Similarly, we will send a survey to all group members at the end of the semester. If a majority of the group says that one member did not contribute at all to the project, that member's GAP grade will be 0. There is no regrading of the GAP score.

We will discuss in more details the exact format of the GAP later in the semester.

¹ Students will be excused for attending the GAP presentations following the same rules we have followed for classes and Midterms/Final. In particular, COVID related symptoms and Red Passes and valid excused for not attending the GAP presentation.

CLASS SCHEDULE				
Week	Lecture	Date	Topic	ABC Chapter
1	1	27-Aug	Introduction and Overview of FNCE 1010	
1	2	29-Aug	Measuring Economic Activity	2.1-2.2
2	3	3-Sep	Price Indices and Inflation	2.4-2.5
2	4	5-Sep	Aggregate Production and Labor Demand	3.1-3.2
3	5	10-Sep	Labor Supply, Labor Market Equilibrium, Unemployment	3.3-3.6
3	6	12-Sep	Consumption-savings decision	4.1
4	7	17-Sep	Investment and Goods Market Equilibrium	4.2-4.3
4	8	19-Sep	Money and Household Portfolio	7.1-7.2
5	9	24-Sep	Money Demand and Asset Market Equilibrium	7.3-7.4
5	10	26-Sep	Review session (optional)	
6	11	1-Oct	Midterm 1	
6	No class	3-Oct	Fall Break	
7	12	8-Oct	Business Cycle Facts	8.1-8.4
7	13	10-Oct	Setting Up the IS-LM Model	9.1-9.3
8	14	15-Oct	Equilibrium, Analysis, AD-AS	9.4-9.6
8	15	17-Oct	Real Business Cycles	10.1-10.3
9	16	22-Oct	Price Rigidities and Monetary Policy	11
9	17	24-Oct	Unemployment and inflation	12
10	18	29-Oct	Recessions: Oil shocks, Financial Crises, Covid Crisis	
10	19	31-Oct	The Fed and Monetary Policy Transmission	14
11	20	5-Nov	Fiscal Policy	15
11	21	7-Nov	Open Economy: Introduction and Balance of Payments	5.1-5.4
12	22	12-Nov	Exchange Rates Determination	13.1-13.2
12	23	14-Nov	The Mundell-Fleming Model (IS-LM Open Economy)	13.3-13.4
13	24	19-Nov	Review session (optional)	
13	25	21-Nov	Midterm 2	
14	26	26-Nov	Preparation for GAP (optional)	
14	No class	28-Nov	Thanksgiving Break	
15	27	3-Dec	Global Analysis Project Presentations	
15	28	5-Dec	Global Analysis Project Presentations	