**COURSE TITLE:** INTERNATIONAL MONETARY AND FINANCIAL THEORY

**COURSE CODE:** ECON 3007 (EC33B)

**LEVEL:** UNDERGRADUATE LEVEL (FINAL YEAR)

**NO OF CREDITS:** 3

**PREREQUISITES:** ECON 2002 and ECON 2003

**COURSE DESCRIPTION / RATIONALE:**

This course examines the basic theories and concepts of international finance and open economy macroeconomics. Topics include: foreign exchange market, exchange rate determination, balance of payments, interest and exchange rate arbitrage, speculation and hedging. Macroeconomic policy under fixed and flexible exchange rates in an open economy will also be discussed. Additionally, the international debt problem, foreign direct investment will also be discussed.

**PURPOSE OF THE COURSE**

This course is designed to introduce students to the macroeconomic workings of the monetary and financial systems of an economy.

**INSTRUCTOR INFORMATION**

**LECTURER:** Dr. Roger Hosein

**LECTURER’s EMAIL:** Roger.Hosein@sta.uwi.edu

**LECTURER’s PHONE CONTACT:** EXT 3041
CONTENT

Review of open economy macroeconomics
    Detailed algebraic treatment of the derivation of
    • Circular Flow of Income
    • Multiplier
    • Accelerator

Review of Balance of Payments
    • The current account
    • Capital Account
    • Official financing and Reserves

The Markets for Currencies
    • Arbitrage
    • Hedging
    • Speculation
    • Interest parity
    • Foreign Exchange Markets
    • Exchange Rate regimes

International Financial Markets
    • Types of financial markets
    • Financial Commodities traded

Exchange Rate Determination
    • Fixed
    • Floating
    • Managed Float

Macroeconomic Policy with Fixed Exchange Rates

Macroeconomic Policy with Flexible Exchange Rates

Aggregate demand and supply in the Open Economy

Inflation, Interest Rates and Exchange Rates

Macroeconomics of development

The International Debt Crisis

GOALS/AIMS

To equip students with an adequate set of tools; theoretic and practical; to understand the monetary and financial system.
GENERAL OBJECTIVES

To simplify monetary and financial theory into practical easy to follow steps.

COURSE ASSESSMENT

100% final Examination

TEACHING STRATEGIES

The mode of teaching will be via face to face lectures and tutorials sessions.

RESOURCES

Lecture notes will be provided to the class via the online course profile
Readings from texts are also provided.

READINGS

Required Text:
Trade Investment and Development in the Contemporary Caribbean
The World Economy; Trade and Finance 6th ed; Yarbrough and Yarbrough (2001)

Supplemental Texts:
## COURSE CALENDAR

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### HOW TO STUDY FOR THIS COURSE

Students should keep up-to-date with lectures, office hours and tutorials.
ADDITIONAL INFORMATION

Students are reminded of the University’s Examination Regulations for First Degrees, Associate Degrees, Diplomas and Certificates including GPA Regulations:

19 “Any candidate who has been absent from the University for a prolonged period during the teaching of a particular course for any reason other than illness or whose attendance at prescribed lectures, classes, ... tutorials, ... has been unsatisfactory or who has failed to submit essays or other exercises set by his/her teachers, may be debarred by the relevant Academic Board, on the recommendation of the relevant Faculty Board, from taking any University examinations. The procedures to be used shall be prescribed in Faculty Regulations.”

“97. (i) Cheating shall constitute a major offence under these regulations.
(ii) Cheating is any attempt to benefit one’s self or another by deceit or fraud.
(iii) Plagiarism is a form of cheating.
(iv) Plagiarism is the unauthorized and/ or unacknowledged use of another person’s intellectual effort and creations howsoever recorded, including whether formally published or in manuscript or in typescript or other printed or electronically presented form and includes taking passages, ideas or structures from another work or author without proper and unequivocal attribution of such source(s), using the conventions for attributions or citing used in this University.

103. (i) If any candidate is suspected of cheating, or attempting to cheat, the circumstances shall be reported in writing to the Campus Registrar. The Campus Registrar shall refer the matter to the Chairman of the Campus Committee on Examinations. If the Chairman so decides, the Committee shall invite the candidate for an interview and shall conduct an investigation. If the candidate is found guilty of cheating or attempting to cheat, the Committee shall disqualify the candidate from the examination in the course concerned, and may also disqualify him/her from all examinations taken in that examination session; and may also disqualify him/her from all further examinations of the University, for any period of time, and may impose a fine not exceeding Bds$300.00 or J$5000.00 or TT$900.00 or US$150.00 (according to campus). If the candidate fails to attend and does not offer a satisfactory excuse prior to the hearing, the Committee may hear the case in the candidate’s absence.”

GRADING SYSTEM

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