

	<u>Subject title:</u> MONETARY ECONOMICS			
<u>Subject code:</u>	<u>Subject Status:</u>	<u>Semester:</u>	<u>Credit value:</u>	<u>Teaching load:</u>
MBS/	Compulsory	IV	6	3L+2T

<u>Study programme:</u> Academic Undergraduate Studies: Financial Management
<u>Responsible Staff:</u> Professor Milenko Popović, PhD; Teaching Assistant: Mirjana Čizmović, MSc
<u>Pre-requisite:</u> Nil
<u>Mode of study</u> Lectures, tutorials, seminar papers, consultations
<u>Assessment:</u> Written: 2 mid-term tests = 40 points Oral: Final exam = 50 points Attendance, Student participation, Seminar papers = 10 points
<u>Objectives:</u> Analysis and understanding of the concepts of monetary theory and policy with a special focus on the role of Central bank (in Montenegro and elsewhere in the world)

SYLLABUS:

- Financial system review.
- Money, its functions, history, forms. Interest rates.
- Central bank: structure of a typical central bank, independence of central bank and comparative experiences.
- Multiplication of deposit and process of money supply formation. Determinants of money supply.
- Monetary policy instruments.
- Central bank and monetary system of Montenegro.
- Conducting monetary policy. Foreign exchange markets.
- Monetary policy strategy: comparative experiences. International financial system.
- Money demand.
- Keynesian theory and ISLM model.
- Monetary and fiscal policy in ISLM model.
- Analysis of aggregate supply and demand.
- Money and inflation.
- Reasonable expectations and economic policy.

READING LIST AND REFERENCES:

Frederic Mishkin: *The Economics of Money, Banking, and Financial Markets*, 7th edition,
Pearson Education Inc, 2004.