

St. Francis Xavier University
Department of Economics

ECON 492 ST: Monetary Policy

Instructor: Greg Tkacz

Fall 2016

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Classes: Tuesday 8:15 – 9:30
Friday 9:45 – 11:00
Classroom: NH 145
Office Hours: Tuesday 10:00 – 2:00
Wednesday 10:00 – 12:00
Friday 11:15 – 1:30

Course Description:

This is an advanced seminar course in monetary policy. It will apply macroeconomic theory to study current issues confronting central bankers. Students will learn how to build macroeconomic models for policy analysis; how to incorporate exogenous events into their models; and how to write and present their work and recommendations to policy-makers. Some students in this course will be selected to compete in the Bank of Canada's *Governor's Challenge* policy competition.

Prerequisites:

ECON 202 and permission of the instructor.

Evaluation

The course grade is based on almost-weekly presentations on assigned topics. A student's final grade will be a function of both individual and group work. The exact grading format will be discussed during the first class on September 6.

Course Outline and Schedule

1. Introduction

Tuesday September 6

- Course objectives
- **Student presentations**: Students introduce themselves

Readings: Bank of Canada *Financial System Review* (June 2016) and *Monetary Policy Report* (July 2016). Regular scanning of *The Globe and Mail*, *National Post*, *Bloomberg*, *The Economist*, and other relevant economic media outlets.

2. Current Canadian Economic Issues

Friday September 9

- **Student presentations**: Each student has to do a four-minute presentation on the most pressing economic issues facing Canada that would be relevant to the Bank of Canada.
- Students must present using PowerPoint, and limit themselves to four slides. DO NOT E-MAIL ME YOUR SLIDES IN ADVANCE. Bring your presentation to class on a USB stick, or download it in class.
- Students MUST HAND-IN A HARDCOPY OF THEIR PRESENTATIONS.

Tuesday September 13

- Feedback on September 9 presentations.
- Group discussion on the main economic issues facing the country at this time.

3. Current International Economic Issues

Friday September 16

- **Student presentations**: Each student has to do a four-minute presentation on the most pressing economic issues facing world economies, with particular attention to the economies of Canada's largest trading partners (i.e. the U.S., China and Europe).
- Students must present using PowerPoint, and limit themselves to four slides. DO NOT E-MAIL ME YOUR SLIDES IN ADVANCE. Bring your presentation to class on a USB stick, or download it in class.
- Students MUST HAND-IN A HARDCOPY OF THEIR PRESENTATIONS.

Tuesday September 20

- Feedback on September 16 presentations
- Group discussion on main international economic issues.

4. Financial Markets

Friday September 23

- **Student presentations:** Each student has to do a four-minute presentation on current financial conditions, with special focus on movements of key financial asset prices (i.e. stocks, bonds, housing, etc.) Can compare Canadian data to international data.
- Students must present using PowerPoint, and limit themselves to four slides. DO NOT E-MAIL ME YOUR SLIDES IN ADVANCE. Bring your presentation to class on a USB stick, or download it in class.
- Students MUST HAND-IN A HARDCOPY OF THEIR PRESENTATIONS.

Tuesday September 27

- Feedback on September 23 presentations
- Group discussion on current financial conditions

Guest Speaker

Friday September 30

- Bank of Canada representative will visit the class from 10:00 to 11:00AM to talk about career opportunities.

5. Macroeconomic Modeling

Tuesday October 4

- Introduction to economic modeling and forecasting. Will focus on univariate models and data sources. The role of models in policy analysis.

Friday October 7 – FALL STUDY DAY; NO CLASS

Tuesday October 11

- More economic modeling. Multivariate models. Impulse responses.

Friday October 14

- **Student presentations:** Each student has to do a four-minute presentation that presents their forecasts for GDP growth and inflation over the next eight quarters.
- Students must present using PowerPoint, and limit themselves to four slides. DO NOT E-MAIL ME YOUR SLIDES IN ADVANCE. Bring your presentation to class on a USB stick, or download it in class.
- Students MUST HAND-IN A HARDCOPY OF THEIR PRESENTATIONS.

Tuesday October 18

- Feedback on October 14 presentations.
- Three teams will be formed.

6. Group Work

- Each group will present for 20 minutes on a weekly basis beginning on October 21 until the Governor's Challenge at the end of November. Continuous feedback will be supplied. We will more time on the weakest areas of each team, and learn how to summarize all the information to arrive at concrete policy recommendations for the Bank of Canada.