

ECONOMICS 346: MONETARY POLICY
Fall 2025

Professor: Ann Owen
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Office Hours: Tuesdays 12:30 to 2, Thursdays, 2 to 3:30, and by appointment

Course Overview

The overriding objective of this course is to increase students' understanding of the goals, strategies, and tactics of monetary policy. The course will focus on monetary policy in the U.S. and explore the interaction of the central bank with financial markets, the tools and the transmission mechanisms of monetary policy, the structure of the Federal Reserve System, the international financial system, and decision-making under uncertainty as it applies to the policy process. By the end of this course, students will understand how monetary policy strategy is designed and implemented and how the implementation of these strategies affects financial markets and the macroeconomy.

This course is a speaking intensive class, and an additional goal of the class is to improve your ability to express economic ideas and arguments effectively in oral presentations and discussion. Assignments are designed to help you improve both your speaking and listening skills.

Assignments & Grading

The grade for the course will be determined as follows:

Class Participation	15%
Economic Briefing	15%
Briefing Audience Assignment	5%
Article Presentation	15%
FOMC Press Conference Watch Party	10%
Teal Book	20%
Quizzes	20%

Class Participation

The contribution your participation makes to the class will influence your final grade. In determining your participation grade, I will consider the quality of your in-class comments, your participation in online discussions, as well as the quality of the feedback you give to your fellow students during and after their oral presentations.

In evaluating your participation in class, general guidelines I use are as follows:

- C: Prepared for class and attentive in class. Infrequent or low quality comments
- B: Prepared for class, attentive and makes good comments on a regular basis
- A: Prepared for class, attentive, makes high-quality comments on a regular basis

High-quality comments relate readings and topics from previous classes to the current topic or are particularly insightful about the topic at hand. Missing more than two classes over the course of the semester will make it difficult for any student to earn an A for participation.

Economic Briefing

We will be closely following economic developments to facilitate the discussion of current issues in monetary policy. To help keep the class up to date on current economic events, groups of two to three students will take turns briefing the entire class on financial market developments, recent releases of economic data, and recent developments in international markets. The presentation should both report on recent events as well as interpret them for policy makers. Students should be prepared to answer questions from me and from the class and should make a copy of their slides available to the other students in the class via the shared Google drive for the class. We will schedule these presentations during the first week of classes. My expectations for the quality of these presentations will increase as the semester progresses.

Article Presentation

Over the course of the semester, each student will present one article that relays a key concept for the class. This will be a 15 minute solo presentation. Scheduling will occur at the beginning of the semester.

FOMC Press Conference Watch Party

The FOMC will hold three press conferences over the course of the semester during our class period, typically starting at 2:30 pm. We will watch these together in class and then discuss. Your participation in these discussions and the notes you take during the press conference will be used to determine your grade for this assignment.

Teal Book

The Federal Open Market Committee will meet on December 9 and 10, 2025. In preparation for this meeting, members of the FOMC will read the “Teal Book,” a document (with a teal cover) of approximately eight to ten pages compiled by the Federal Reserve staff that analyzes the current state of the economy and discusses policy alternatives and their likely impact. Your assignment is to write a similar paper, making a recommendation for the action to be taken at the December FOMC meeting. **The Teal Book is due no later than 2 pm on Wednesday, December 10.** During the final exam period for this class, I will meet briefly with each of you to discuss your paper.

Quizzes

We will have 4 short quizzes on the readings and topics discussed in class. In addition to being familiar with content from class, these quizzes will require you to know the main idea of each article assigned and how that idea relates to current issues in monetary policy or to the main idea of other readings. No make-up quizzes are given. If you miss a quiz for any reason, future quizzes will have a greater weight in the calculation of your final grade.

A Few Words About Keeping Up with Current Events

Keeping informed about current economic news will be a critical component of your success in the class. In addition to the *Wall St. Journal*, you will also find the *New York Times*, *The Economist*, and many Internet sites to be helpful in this endeavor. Be careful to be a critical consumer of news, including noting bias in any source and the extent to which reporting can be corroborated with other sources.

Use of Artificial Intelligence Tools

The ways in which AI can be used on specific assignments are detailed on assignment directions. Any use of AI that is not explicitly allowed for an assignment will be considered a violation of the Honor Code.

Preliminary Outline of Topics

Please note that this is a flexible syllabus--topics in this class will respond to current economic events and interests of the class.

FOMC Press Conference Watch Party: 9/17, 10/29, 12/10

Briefing Dates: 9/15, 9/22, 10/6, 10/13, 10/27, 11/3, 11/10, 11/17

Quiz Dates: 9/22, 10/15, 11/5, 12/3

Articles listed in red will be presented by students.

Topic	Readings
Economic Framework for Policy Analysis	Monetary Policy and Exchange Rates Aggregate Demand and Aggregate Supply
Federal Reserve System	Chapters 1 & 2 of The Fed Explained Brobov et al.
The Fed and Economic Crises	Milstein & Wessel Bernanke (2009) Ihrig & Waller Barbiero & Stein
Monetary Policy Goals and Targets	Federal Open Market Committee Brainerd Williams Carvalho et al.
Tools and Transmission Mechanism of Monetary Policy	Chapter 3 of The Fed Explained Ihrig, Meade, and Weinbach Bernanke (2025) Tenreyro & Wazzi (Part 1: Forward Guidance) Tenreyro & Wazzi (Part 2: Asset Purchases)
Financial Markets/Interest Rates/Yield Curve	Wessel & Kovalski Anadu, et al. Kenechukwu, et al. (two posts) Engstrom & Sharpe Lansing Christensen Jorda
Monetary Policy: International Experience	Siripurapu, A., & Berman
Economic Forecasting	Abdelrahman, Lansing & Oliveira Faria-e-Castro and Leibovici
Future Policy Issues	Coibion & Gorodnichenko Brunetti et al. Azar et al. Prasad

Any student with a documented disability needing academic adjustments or accommodations should speak with me during the first two weeks of class. All discussions will remain confidential. Students with disabilities should also contact Allen Harrison, Assistant Dean for Accessibility Services, who coordinates services for students with disabilities.

Readings

5.14 Monetary policy and the exchange rate. (n.d.). Retrieved June 3, 2025, from <https://www.core-econ.org/the-economy/microeconomics/05-macroeconomic-policy-14-exchange-rate.html>

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Barbiero, O., & Stein, H. (2025, February 6). The Impact of Tariffs on Inflation. Federal Reserve Bank of Boston. <https://www.bostonfed.org/publications/current-policy-perspectives/2025/the-impact-of-tariffs-on-inflation.aspx>

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Brainard, L. (n.d.). Remarks by Governor Brainard on “How should we think about full employment in the Federal Reserve’s dual mandate?” Board of Governors of the Federal Reserve System. Retrieved June 2, 2025, from <https://www.federalreserve.gov/newsevents/speech/brainard20210224a.htm>

Brunetti, C., Dennis, B., Gates, D., Hancock, D., Ignell, D., Kiser E., Kotta, G., Kovner, A., Rosen, R., & Tabor, N. (2021). Climate Change and Financial Stability. <https://www.federalreserve.gov/econres/notes/feds-notes/climate-change-and-financial-stability-20210319.html>

Carvalho, C., Ferrero, A., Mazin, F., & Nechio, F. (2025, April 21). Underlying Trends in the U.S. Neutral Interest Rate —San Francisco Fed. <https://www.frbsf.org/research-and-insights/publications/economic-letter/2025/04/underlying-trends-in-us-neutral-interest-rate>

Christensen, J. (2008, August 15). Treasury Bond Yields and Long-Run Inflation Expectations—San Francisco Fed. <https://www.frbsf.org/research-and-insights/publications/economic-letter/2008/08/treasury-bond-yields-long-run-inflation-expectations>

Coibion, O., & Gorodnichenko, Y. (n.d.). Inflation Expectations and Monetary Policy: What Have We Learned and To What End? https://www.nber.org/system/files/working_papers/w33858/w33858.pdf

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Faria-e-Castro, M., & Leibovici, F. (2024). Artificial Intelligence and Inflation Forecasts. *Review*. <https://doi.org/10.20955/r.2024.12>

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<https://doi.org/10.1257/jep.29.4.177>

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Jorda, O. (2005, May 20). Can Monetary Policy Influence Long-term Interest Rates? - San Francisco Fed.
<https://www.frbsf.org/research-and-insights/publications/economic-letter/2005/05/can-monetary-policy-influence-long-term-interest-rates>

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Prasad, E. (2023). The Future of Money and Its Implications for Society, Central Banks, and the International Monetary System. *Review*, 105(1). <https://doi.org/10.20955/r.105.1-8>

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Tenreyro, S., & Wazzi, M. (n.d.). Unconventional Policy Tools at the Fed: Lessons from Theory and Practice.
<https://www.federalreserve.gov/conferences/files/session-4-laubach-20250515.pdf>

Waller, C. J. (2011). Independence + Accountability: Why the Fed Is a Well-Designed Central Bank. *Review*, 93(5).
<https://doi.org/10.20955/r.93.293-302>

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