

Course Unit Title	Macroeconomic Analysis		
Course Unit Code	ABSE204		
Type of course unit	Business Elective		
Level of course unit	Bachelor (1 <sup>st</sup> Cycle)		
Year of Study	2		
Semester when the unit is delivered	4 (Spring)		
Number of ECTS credits allocated	6		
Name of lecturer(s)	Dr. Petia Tanova, Dr. Bernard Musyck		
Learning Outcomes of the course unit	<p>By the end of the course, the students should be able to:</p> <ol style="list-style-type: none"> <li>1. Understand the nature of money and its functions</li> <li>2. Distinguish money aggregates and understand factors, determining money supply.</li> <li>3. Apply the quantity of money equation to problem solving</li> <li>4. Analyze motives for holding money and derive the money demand</li> <li>5. Discuss factors, affecting money demand and the equilibrium in the money market</li> <li>6. Understand the nature, targets and constraints of monetary policy</li> <li>7. Indicate the tools used by the Central Bank to influence the money supply and interest rates</li> <li>8. Compare and contrast short run and long run from a macroeconomic perspective and construct the short run and long run aggregate supply curve.</li> <li>9. Distinguish sources and factors of economic growth and analyze indicators of economic growth.</li> <li>10. Define unemployment and distinguish between different types of unemployment.</li> <li>11. Compare and contrast the rate of employment and the rate of unemployment and analyse policies to raise the employment rate and to affect the unemployment.</li> <li>12. Define and measure inflation and relate it to the rate of unemployment.</li> </ol>		
Mode of Delivery	Face-to-face		
Prerequisites	ABSE102	Co-requisites	NONE
Recommended optional program components	NONE		
Course Contents	<b><i>I. Money and the functions of money</i></b>		

The nature of money; the evolution of money; the forms of money; the functions of money. Liquidity and money aggregates; the quantity equation; a basic understanding of money supply

## ***II. The demand for money***

Definition. Motives for money demand: transactionary motive, precautionary motive, speculative motive (liquidity preference). The real vs. the nominal interest rate. The money demand curve. Factors, affecting money demand. The money market and its dynamics. Graphical interpretation.

## ***III. Banking and the supply of money***

Modern frictional-reserve banking. The process of deposit creation and the deposit multiplier. The balance sheet of the commercial bank.

## ***IV. Central Banking and monetary policy***

The role of the central bank. The balance sheet of the central bank. Monetary policy: goals and instruments. Open market operations; discount rate policy; the minimum reserves requirement. Effectiveness of the instruments. Monetary policy in the AD-AS framework. Monetary effects in the long run. From aggregate demand to aggregate supply.

## ***V. The foundations of aggregate supply***

Short run vs. long run in macroeconomics. Deriving the short run aggregate supply curve. The segments of the SRAS curve. Determinants of aggregate supply in the short run. The long run aggregate supply curve – slope and determinants.

## ***VI. Economic growth***

Definition. Conditions, factors and measurement of economic growth. Theories of growth. Models of growth and approaches to economic development. The cost of economic growth

## ***VII. Economic growth and unemployment***

Employment: importance for economic growth and measurement. Unemployment: definition and measurement. Types of unemployment and their dynamics. The natural rate of unemployment and its determinants. Policies to reduce unemployment. The rate of unemployment and economic growth – Okun's law. The cost of unemployment

## ***VIII. Inflation and unemployment***

	Inflation – sources, forms and measurement. The trade-off of inflation and unemployment – the Phillips’ curve. The short run Phillips’ curve and the SRAS curve. The long run Phillips’ curve and the LRAS curve. The natural rate of unemployment and the potential GDP again. The cost of inflation. Inflation vs. deflation.								
Recommended and/or required reading:									
Textbooks	<ul style="list-style-type: none"> <li>• Samuelson &amp; Nordhaus, Economics, McGraw Hill, 19<sup>th</sup> edition</li> <li>• Parkin M., M. Powell and K. Matthews. Economics, Pearson, 9<sup>th</sup> edition</li> </ul>								
References	<ul style="list-style-type: none"> <li>• Crystal A. &amp; R. Lipsey. Economics, Oxford University Press, 13<sup>th</sup> edition,</li> <li>• Sloman J, A. Wride and D. Garratt. Economics. 8<sup>th</sup> edition</li> </ul>								
Planned learning activities and teaching methods	<p><i>Ex cathedra</i> lectures and discussions in class, by means of traditional tools or using computer demonstrations. Some of the key issues are revealed on the basis of simulation games.</p> <p>Auditory exercises, where examples regarding matter represented at the lectures, are solved and further, questions related to particular open-ended topic issues are compiled by the students and answered, during the lecture or assigned as homework.</p> <p>Topic notes are compiled by students, during the lecture which serve to cover the main issues under consideration and can also be downloaded from the lecturer’s webpage. Tutorial problems are also submitted as homework and these are solved during lectures or privately during lecturer’s office hours. Further literature search is encouraged by assigning students to identify a specific problem related to some issue, gather relevant scientific information about how others have addressed the problem and report this information in written or orally.</p>								
Assessment methods and criteria	<table> <tr> <td>2 Quizzes</td> <td>10%</td> </tr> <tr> <td>Mid-term</td> <td>20%</td> </tr> <tr> <td>Home-work assignments and participation</td> <td>10%</td> </tr> <tr> <td>Final Exam</td> <td>60%</td> </tr> </table>	2 Quizzes	10%	Mid-term	20%	Home-work assignments and participation	10%	Final Exam	60%
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Language of instruction	English								
Work placement(s)	NO								