Lecture 1

Material for lecture 1 will use the following transparencies and Figures 1-5 and 7 of chapter 1 of the textbook
Why Study Financial Markets?

1. Channel funds from savers to investors, thereby promoting economic efficiency
2. Affect personal wealth and behavior of business firms
   • Bond Market
   • Stock Market
   • Foreign Exchange Market
Why Study Money?

1. Money and Business Cycle

2. Money and Prices

3. Money and Interest Rates
Why Study Banking and Financial Institutions?

1. Financial Intermediation
   Helps get funds from savers to investors

2. Banks and Money Supply