

# Making sense of money and central banks

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Money matters. Central banks have enormous influence over the economy. In this module you will learn why central banks are key players in the financial markets, how their role has changed since the financial crisis and how they shape global bond, equity and currency markets.

## The module will focus on:

- the role of money
- the consequences of inflation and deflation
- the modern central bank – independence, inflation targeting and financial stability
- how central banks impact on the economy and the banking system
- the future of central banks: policy normalisation, crypto-currencies and politics

## At the end of this module you will:

- understand the signalling role of prices
- understand how central banks make decisions and what matters to them, e.g. relationship between supply and demand in the economy
- be able to evaluate central bank reactions to new data, shocks and trends

## You will understand and use frequently used terms:

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|--------------------|----------------------|-----------------------|
| • real             | • yield curve        | • hawks and doves     |
| • nominal          | • secular stagnation | • forward guidance    |
| • monetary policy  | • stagflation        | • quantitative easing |
| • macro-prudential | • output gap         | • capital ratios      |

This module uses a stimulating variety of mixed media to learn about central banks. Participation is encouraged and participants will simulate a monetary policy committee meeting. The module will draw on academic and wider research with a reading list made available - but no prior knowledge necessary. The module complements making sense of government and making sense of booms, busts and economic growth.

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