



Universidad  
de Navarra

### *Economic Environment (MBRF)*

*Guía docente 2025-26*

## PRESENTATION

This aim of this subject is to introduce relevant concepts, such as financial, current account, sovereign debt and banking crisis as well as economic bubbles. The context is the recent historical experiences. Additionally we explore the inter-connection between the real economy and the financial part of the economy, emphasizing the role of monetary policy, bank stress tests and current economic environment.

- **Titulación:** Master in Banking and Financial Regulation
- **Módulo/Materia:** Entorno económico / Economic environment
- **ECTS:** 4,5
- **Curso, semestre:** 2nd semester
- **Carácter:** Compulsory
- **Profesorado:** Coordinator: Andrés Mesa Toro (Universidad de Navarra).  
Antonio Moreno Ibañez (Universidad de Navarra)  
Vitor Constancio (Universidad de Navarra, former VP ECB)  
Pablo Aguilar (Banco de España)  
Alejandro Ferrer (Banco de España)
- **Idioma:** English
- **Aula, Horario:** To be defined.

## LEARNING OUTCOMES (Competencies)

### BASICAS Y GENERALES

- GS4 - Contrast your own opinion with that of others and think critically about other people's opinions in financial matters.
- GS6 - Present clearly on financial matters in speaking or writing.
- BS6 - Having a sufficient understanding to produce and apply original ideas, often in a research setting.
- BS8 - Students can blend in knowledge and face the complexity of forming a judgement based on incomplete or limited information that includes ethical and social considerations linked to the application of knowledge and judgement.
- BS9 - Students can communicate their conclusions and the knowledge and rationale ultimately supporting them before specialized and non-specialized audiences clearly and unequivocally.

### ESPECIFICAS

- SS2 - Finding specialized materials (reports, papers, data) covering various angles of the banking business in a library, on the Internet, newspaper archive, accessible data bases, etc.
- SS7 - Analyze the financial system in times of economic and financial crisis, drawing the key takeaways.

## PROGRAM



Universidad  
de Navarra

**1ST PART: BANKING, MONETARY POLICY IMPLEMENTATION, YIELD CURVE AND 2008 CRISIS  
IMPLICATIONS FOR BANKING REGULATION (ANTONIO MORENO, UNAV)**

*1. Banking Management and Economics*

- Liquidity- Asset- Liabilities
- Capital Requirements
- Credit / Default Risk
- Interest Rates
- Micro-prudential v/s Macro-prudential regulation

*2. Monetary Policy Implementation*

- The ECB: Operational Structure
- Liquidity Injection:
- Multiple Deposit Creation and Process of Money Creation
- Money Supply Determinants
- Monetary Policy Instruments
- Interbank Interest Market

*3. Monetary Policy Design*

- Intermediate and Final Targets
- Monetary Policy Rules
- Practical Example, Monetary Policy Rules

*4. Yield Curve Analysis*

- Explaining the yield curve fundamentals
- Expectations Hypothesis and Term Premiums
- Yield Curve Forecasting Power
- Interest rate spreads, net interest margins and effects on banks

*5. The 2008 Crisis and the European Banking Union (EBU)*



Universidad  
de Navarra

- Aftermath of the financial crisis
- Macroeconomic motivation behind the *EBU*

#### *6. Further Relevant Topics*

- The rise of inflation
- The Euro challenges: Fiscal Union, Anti-Fragmentation Mechanism (TPI)
- International Financial Crises: Original Sin, Banks' Balance Sheets

## **2ND PART: MONETARY POLICY TRANSMISSION MECHANISMS. CONVENTIONAL AND UNCONVENTIONAL MONETARY POLICIES. FUTURE MONETARY POLICY FRAMEWORKS**

**(VITOR CONSTANCIO, Ex-VP ECB)**

### *1. Monetary Policy Transmission Mechanisms*

#### 1.1 Statistical Models

- VAR Models: Layout, Impulse Responses and Forecasts

#### 1.2. Monetary Policy Structural Models and Transmission Mechanisms

##### a. DSGEs: An introduction

##### b. A standard small-scale New-Keynesian model (DSGE Model)

##### c. Monetary Transmission Channels

- In the closed-economy
- In the open-economy
- Asymmetric information
- Balance Sheet
- Stock Market

### *2. Unconventional Monetary Policy*

- Monetary Policy when interest rates are close to zero
- Targeted at increasing economic activity



Universidad  
de Navarra

- (a) Quantitative Easing
- (b) Forward Guidance and yield curve management
- Targeted at enhancing financial stability

### *3. Future Monetary Policy Frameworks*

## **3rd PART: BANKING STRESS TESTS**

**(ALEJANDRO FERRER, BdE)**

### *Stress Tests in Europe: A Macroeconomic Perspective*

1. Introduction to macro stress tests
2. Scenarios: Impact on Bank Capital
3. Data and models
4. Results, stress tests in practice and recent trends, climate risk

## **4th PART: THE SPANISH ECONOMY IN THE CONTEXT OF THE EMU: RECENT DEVELOPMENTS AND CHALLENGES AHEAD**

**(PABLO AGUILAR, Banco de España)**

### *I. Analysing the macroeconomy*

1. Nowcasting and forecasting
2. The National Accounts
3. Other economic indicators
4. Macroeconomic models for short-term and medium-term forecasting
5. Main (BdE) macroeconomic models for the Spanish Economy
6. Macroeconomic projections

### *II. The GCC (Great COVID19 Crisis)*

1. COVID19: What type of shock?
2. Economic impact 2020
3. The financial system and the macroeconomy during COVID19
4. Economic impact 2021



Universidad  
de Navarra

### *III. War in Europe and the Energy crisis*

1. The energy crisis and the Russian invasion of Ukraine in 2022
2. Macro projections in 2023

## **EDUCATIONAL ACTIVITIES**

### **1. Lectures: 30 hours**

Theoretical and practical classes in themes indicated in the syllabus with the help of the blackboard, power point presentations and videos.

### **2. One-to-one tutorials: 5 hours**

Each student may have personal interviews with the professor to help him/her with personal study and learning.

### **3.Exams: 3 hours**

The students will have a final exam at the end of the module.

### **4.Personal work: 37**

Students must understand themes covered early in the course to be able to comprehend information presented later in the course, and will have to be able to integrate material learnt throughout the course. Therefore, it is important that they do not fall behind and try to set aside regular times outside of class to work on the course material on a daily basis.

## **GRADING**

### **CONVOCATORIA ORDINARIA**

Final Exam 80%

Class Participation 20%

### **CONVOCATORIA EXTRAORDINARIA**

Final Exam 80%

Class Participation 20%

## **OFFICE HOURS**

Via email with professors:



Universidad  
de Navarra

Antonio Moreno antmoreno@unav.es

Vitor Constancio constancio9@gmail.com

Eva Ortega ortega.eva@gmail.com

Alejandro Ferrer alejandro.ferrer@bde.es

## BIBLIOGRAFÍA Y RECURSOS

1. Class Materials

2. Books / Papers

### MONETARY POLICY AND BANKING

- Bernanke, B.S. (2002) "Deflation, Making Sure It Does Not Happen Here", <http://www.federalreserve.gov/boarddocs/speeches/2002/20021121/default.htm>
- Hubbard, G. (1998) "Capital-Market Imperfections and Investment In Journal of Economic Literature", Journal of Economic Literature [Localízalo en la Biblioteca](#) (Revista completa)
- Freixas, X. (2009) "Monetary Policy in a Systemic Crisis", Oxford Review of Economic Policy 4, 630-653. [Localízalo en la Biblioteca](#)
- Mishkin, F.S. (2012) "Economics of Money, Banking, and Financial Markets", Ed. Pearson. [Localízalo en la Biblioteca](#)
- Rajan, R. (2010) "Fault Lines", Princeton University Press. [Localízalo en la Biblioteca](#)
- Calomiris, C. and Haber, S. (2015) "Fragile by Design", Princeton University Press. [Localízalo en la Biblioteca](#)
- King, M. (2016) "The End of Alchemy", Norton Press [Localízalo en la Biblioteca](#)

### THE SPANISH ECONOMY IN THE CONTEXT OF THE EMU: RECENT DEVELOPMENTS

#### AND CHALLENGES AHEAD

- Banco de España. Quarterly report on the Spanish Economy <https://www.bde.es/wbe/en/publicaciones/analisis-economico-investigacion/informe-trimestral-economia-espanola/>
- Banco de España. Annual report <https://www.bde.es/wbe/en/publicaciones/informes-memorias-anuales/informe-anual/>