

Economics 572
International Finance and Macroeconomics

ORGANIZATION

Times/location: M/W 3:30-4:50/Savery 136
Office: Savery Hall 349
E-mail: yuchin@uw.edu
Course webpage: <http://depts.washington.edu/oemacro/Econ572/>
Office Hours: T 10 -11:30am or via: <http://www2.mysignup.com/uweconofficehours>

COURSE OBJECTIVE

This course provides an overview of recent key topics in international finance and open economy macroeconomics. In addition to familiarizing students with the relevant theoretical models and empirical literature, the course will give students the opportunity to start conducting guided research, delivering presentations, and solve problems both analytically and numerically. The topics here will extend as well as complement the material covered in Econ 574, with a heavier emphasis on international “finance” and the empirical side of open economy macro, as well as sovereign debt and currency crises. In addition, there will be additional opportunities to work out problems both analytically and numerically. The course is intended for second- and third-year Ph.D. students in the Economics department. Familiarity with first-year Ph.D. course material will be assumed.

TEXTBOOKS

There are several good textbooks that students are encouraged to have access to:

1. Obstfeld, Maurice and Kenneth Rogoff, *Foundations of International Macroeconomics*, MIT Press, 1996.

This book offers a very comprehensive analysis of the theoretical models in open economy macroeconomics. In addition, two other books with a more empirical focus are also highly recommended:

2. Mark, Nelson C. *International Macroeconomics and Finance: Theory and Econometric Methods*, Blackwell Publishers, 2001.
3. Sarno, Lucio and Mark Taylor, *The Economics of Exchange Rates*, Cambridge, 2003

Core readings for the course will be based on journal articles and assigned in class.

GRADING POLICY

1. Small-group presentations and discussions (50%)
 - We will work through a collection of papers and problems that are designed to familiarize you with key insights from the literature as well as computational techniques. Each problem or paper will be assigned to 2-3 students who will present and discuss.
2. Final individual research paper (50%)
 - An individual final paper is due by the end of Spring Break/beginning of spring quarter. Students will get a chance to present interim progress in class.

READING LIST

Please check the course website regularly for reading assignments.

TOPICS

- Overview of Global Financial Crisis and Patterns
- Low Interest Rate puzzle and Global Imbalances
- International Risk Sharing and Empirical Puzzles
- Zero Lower Bound and Unconventional Monetary Policy
- Exchange Rate Determination
- FX Risk and Currency Excess Returns
- Purchasing Power Parity and Real Exchange Rate
- Sovereign Debt and Debt Crisis
- Speculative Attacks, Financial Fragility, Global Games