

Econ 5450: International Finance 2016–2017 2nd Term

Instructor

Professor Jackie M.L. CHAN

Office: ELB 936

Office Hours: Mondays 3-4:30pm

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Lecture: Wednesdays 3:30-6:15pm, ELB 405

Course Description:

The course aims to provide students with a solid understanding of modern theories and empirics of international finance and open economy macro. Students will be expected to develop a good grasp of both the analytical tools and the relevant policy issues. The topics will be covered in this course include: theories of current account dynamics and international capital flows, exchange rate regimes and determination in the short and long run, sovereign debt, and financial crises, among others.

Recommended Texts

Undergraduate level:

Krugman, Obstfeld, and Melitz, *International Economics: Theory and Policy*, 10th edition.

Feenstra and Taylor, *International Economics*, 3rd edition.

Graduate level:

Obstfeld and Rogoff (**O**), *Foundations of International Macroeconomics*.

Schmitt-Grohé, and Uribe (**S**), *Open Economy Macroeconomics*, available online:

<http://www.columbia.edu/~mu2166/book/>

Note: No textbook is required for this class, but these books are recommended if you would like a textbook treatment of the material. Other editions of the books will contain similar material but the syllabus below lists chapter references for the editions listed above for **O** and **S**.

Grading Policy:

Participation = 5%

Assignments = 10%

Term paper = 25%

Presentation = 20%

Final = 40%

Final: In-class, April 19. Please let me know *as soon as possible* if you cannot make this time.

Assignments are due at the end of class. If you cannot submit it in class, you can put it into my assignment box, but the same deadline applies. Late submissions before 9am the next day are discounted by 50%. Late submissions thereafter receive zero credit.

Assignments are graded "check plus", "check", and "check minus". When determining course grades, the homework is recorded as a 100% for "check plus", a 67% for "check", a 33% for "check minus", and 0% if not submitted.

Participation grades will be determined by “pop-quizzes” throughout the semester. There will be 6 quizzes in total, 4 of these quizzes will be counted at 1.25% each.

Academic honesty: The University has a zero-tolerance policy on cheating and plagiarism. Violations can lead to disciplinary actions including the termination of studies at the University. Please refer to the University’s online guide on academic honesty for further information: <http://www.cuhk.edu.hk/policy/academichonesty/>

Course Outline and Reading List

Week	Dates	Topic	Readings
1	Jan. 11	Introduction, National income accounting, Intertemporal trade and balance of payments	O 1, 2; S 2
2	Jan. 18	Intertemporal trade and balance of payments, Business cycles, and Infinite horizon stochastic endowment economy	O 1, 2; S 1, 2
3	Jan. 25	Business cycles, Infinite horizon stochastic endowment economy, Open-economy RBC model	S 1, 2, 3, 4
4	Feb. 1	No class	
5	Feb. 8	Open-economy RBC model	S 3, 4
6	Feb. 15	Money market and Exchange rates PS 1 due on Feb. 15	O 8
7	Feb. 22	Money market and Exchange rates, Exchange rates in the long run	O 8, 9
8	Mar. 1	Exchange rates in the long run, Balassa-Samuelson model, Exchange rates in the short run	O 8, 9

9	Mar. 8	Exchange rates in the short run Term paper due on Feb. Mar. 8	O 8, 9
10	Mar. 15	Financial Crisis	
11	Mar. 22	Financial Crisis, Sovereign Debt	S 13
12	Mar. 29	Sovereign Debt, Presentations PS 2 due on Mar. 29	S 13
13	Apr. 5	Sovereign Debt, Presentations	S 13
14	Apr. 12	Review, Presentations	
15	Apr. 19	Final exam	