

ECON 5041 Macroeconomic Theory II
2nd Semester 2020 – 2021

1. Class Schedule: Mon 2:30PM - 5:15PM

2. Instructor: Prof. Kang Shi, kangshi@cuhk.edu.hk

3. Course Description:

This course will cover some recent topics in the area of international finance. Topics include international financial systems, global imbalance and capital flows, the determination of exchange rates, capital controls and international macro-prudential policies, the dynamics of current account and the real business cycle in small open economy. In addition, we will discuss the experience of China in the global economy.

4. Learning Outcomes

After taking this course, the students are expected to have a clear framework to study the macroeconomic events and policy in an open economy setting, and to have model skill to analyse the dynamic of exchange rate, current account and the evolution of global imbalance, and to understand the policy and the mechanism behind the policy.

5. Textbook

International Macroeconomics, by Stephanie Schmitt-Grohe, Martin Uribe and Michael Woodford. Textbook Manuscript (in PDF format) is available at the following link. The official textbook is forthcoming.

<http://www.columbia.edu/~mu2166/UIM/index.html>

6. Course Evaluation: homework 50% and final exam 50%

7. Topics

Week	Content/ topic/ activity
1	Global Imbalances and Current Account Sustainability
2	Theory on Current Account
3	Uncertainty, global saving glut hypothesis, and twin deficit
4	International capital integration
5	Sudden stop and the real exchange rate
6	Exchange rate policy

8. Academic Honesty

Attention is drawn to University policy and regulations on honesty in academic work, and to the disciplinary guidelines and procedures applicable to breaches of such policy and regulations. Details may be found at

<http://www.cuhk.edu.hk/policy/academichonesty/>.