

UNIVERSITY OF COLORADO

Department of Economics

ECON4423: International Finance

Outline Fall 2019

Instructor: Martin Boileau
Office: Economics 215
Office Hours: M 15:30 to 16:45 and W 13:30 to 14:45
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Course Description

This course reviews selected topics from both international finance and open-economy macroeconomics. From international finance, we will discuss international financial markets and their operations. From open-economy macroeconomics, we will discuss macroeconomic policies and their implications. Obviously, most of our time will be devoted to further our understanding of “exchange rates.”

Here are some stylized facts:

1. Real and nominal exchange rates are highly correlated.
2. Changes in both real and nominal exchange rates are persistent.
3. Forward exchange rates are poor and biased predictors of future spot exchange rates.
4. International differences in interest rates are large and persistent.
5. Portfolios are not internationally diversified.
6. The extent of international consumption risk-sharing is less than expected.
7. Savings and investment are highly correlated.
8. The trade balance and the current account are countercyclical.
9. Business cycles are correlated across countries.

Evaluation

The assessment for this class consists of three assignments, two tests, and one final examination. The tests and final are closed notes and closed books. No make-up tests will be given. The schedule and grade distribution is

	Week	Date	Time	Location	%
Assignment 1	6	4 October	10:00	EDUC 155	5
Term Test 1	7	7 October	10:00	EDUC 155	25
Assignment 2	11	8 November	10:00	EDUC 155	5
Term Test 2	12	11 November	10:00	EDUC 155	25
Assignment 3	16	11 December	10:00	EDUC 155	5
Final Exam	Finals	15 December	19:30-22:00	EDUC 155	35

Note: Students who may need academic accommodations should discuss options with the professor no later than 10 September.

Required Text

Feenstra, R. and A. Taylor (2012) *International Macroeconomics*, Second Edition, New York: Worth Publishers.

Intermediate Macro Text

Jones, C. (2011) *Macroeconomics*, Second Edition, New York: W.W. Norton and Co.

Advanced Text

Obstfeld, M. and K. Rogoff (1996) *Foundations of International Macroeconomics*, Cambridge: The MIT Press.

Course Outline

Part 1: Introduction to International Finance

1. Introduction

Feenstra and Taylor: Chapter 1.

Part 2: Exchange Rates

2. The Foreign Exchange Market

Feenstra and Taylor: Chapter 2.

3. The Monetary Approach in the Long Run

Feenstra and Taylor: Chapter 3.

4. The Asset Approach in the Short Run

Feenstra and Taylor: Chapter 4.

Part 3: The Balance of Payments

5. Income, Wealth, and the Balance of Payments

Feenstra and Taylor: Chapter 5.

Prereq: Jones Chapter 2.

6. Output, Exchange Rates, and Macroeconomic Policies in the Short Run

Feenstra and Taylor: Chapter 7.

Prereq: Jones Chapters 11 and 12.

7. The Gains from Financial Globalization

Feenstra and Taylor: Chapter 6.

Prereq: Jones Chapters 15 and 16.

Part 4: Policy Issues

8. Fixed versus Floating and Exchange Rate Crisis

Feenstra and Taylor: Chapters 8 and 9.

University Policies

You should familiarize yourself with the following University of Colorado policies:

Accommodation for Disabilities

If you qualify for accommodations because of a disability, please submit your accommodation letter from Disability Services to your faculty member in a timely manner so that your needs can be addressed. Disability Services determines accommodations based on documented disabilities in the academic environment. Information on requesting accommodations is located on the Disability Services website. Contact Disability Services at 303-492-8671 or dsinfo@colorado.edu for further assistance. If you have a temporary medical condition or injury, see Temporary Medical Conditions under the Students tab on the Disability Services website.

Classroom Behavior

Students and faculty each have responsibility for maintaining an appropriate learning environment. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, political affiliation or political philosophy. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. For more information, see the policies on classroom behavior and the Student Code of Conduct.

Honor Code

All students enrolled in a University of Colorado Boulder course are responsible for knowing and adhering to the Honor Code. Violations of the policy may include: plagiarism, cheating, fabrication, lying, bribery, threat, unauthorized access to academic materials, clicker fraud, submitting the same or similar work in more than one course without permission from all course instructors involved, and aiding academic dishonesty. All incidents of academic misconduct will be reported to the Honor Code (honor@colorado.edu); 303-492-5550). Students who are found responsible for violating the academic integrity policy will be subject to nonacademic sanctions from the Honor Code as well as academic sanctions from the faculty member. Additional information regarding the Honor Code academic integrity policy can be found at the Honor Code Office website.

Sexual Misconduct, Discrimination, Harassment and/or Related Retaliation

The University of Colorado Boulder (CU Boulder) is committed to fostering a positive and welcoming learning, working, and living environment. CU Boulder will not tolerate acts of sexual misconduct (including sexual assault, exploitation, harassment, dating or domestic violence, and stalking), discrimination, and harassment by members of our community. Individuals who believe they have been subject to misconduct or retaliatory actions for reporting a concern should contact the Office of Institutional Equity and Compliance (OIEC) at 303-492-2127 or cureport@colorado.edu. Information about the OIEC, university policies, anonymous reporting, and the campus resources can be found on the OIEC website.

Please know that faculty and instructors have a responsibility to inform OIEC when made aware of incidents of sexual misconduct, discrimination, harassment and/or related retaliation, to ensure that individuals impacted receive information about options for reporting and support resources.

Religious Holidays

Campus policy regarding religious observances requires that faculty make every effort to deal reasonably and fairly with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance.

See the campus policy regarding religious observances for full details.