



COURSE (MODULE) DESCRIPTION

Course title	Code
International Macroeconomics and Finance	

Staff	Department
Coordinator: Dr. Mariarosaria Comunale Other: Dr. Patrick Grüning	Faculty of Economics and Business Administration

Study cycle	Course type
First	Optional

Form of implementation	Period of implementation	Language of instruction
Face-to-face (online)	6. Semester	English

Requirements for student	
Prerequisites: Statistical Theory, Mathematical Methods, Econometric Theory and Practice, Economic Principles I+II, Finance I+II, Applied Finance, Applied Macroeconomics.	Additional requirements (if any):

Number of ECTS credits	Student's workload	Contact hours	Individual work
5	130	36	94

Purpose of the course and competences developed		
This course aims to provide the analytical skills necessary to understand the dynamics of the international financial markets and the world economy and to apply the gained knowledge to particular phenomena and policy-relevant situations.		
Learning outcomes	Teaching methods	Assessment methods
1.1 Have acquired knowledge in the theories of international macroeconomics.	Lectures and lecture notes, tutorials.	Written exam (60%) Problem set (10%)
1.2 Have learned how to apply quantitative methods to take into account the complexity of international macroeconomic linkages and is able to discuss and assess the outcomes.	Lectures and lecture notes, tutorials.	
2.1 Appreciate the possibilities and the limits of scientific research methods when solving economic problems and policy-relevant issues.	Reading academic literature, class presentations and tutorials.	
2.2 Undertake applied research in a proper and sound way and use empirical evidence to validate economic and policy relevant problems in world economics.	Tutorials with empirical contents and practical cases (STATA exercises).	
3.4 Find relevant data, evaluate its quality, conduct statistical analysis using modern software packages and prepare a	Group project.	Group project (30%)

final report using scientific typesetting tools.	
Work as an integral part of a team, while making individual suggestions and developing communication skills. (4.1).	Group project.

Course themes	Contact / Individual work: time and assignments								Assignments due date (chapters)
	Lectures	Tutorials	Seminars	Practical classes	Laboratory work	Practice	Contact hours	Individual work	
International Finance: Theory (Patrick Grüning)									
Risk sharing and international financial markets, trade in assets, Arrow–Debreu securities	4						5	12	Obstfeld and Rogoff chs. 5-6, Uribe and Schmitt-Grohe ch. 10 (IE)
International derivatives markets: Derivatives characteristics, stylized facts, case studies	2						2	5	Hull chs. 2, 3, 6, 8, 10, 17; Garber (1989); Goldgar (2018)
International factor models	2						2	5	Obstfeld and Rogoff ch. 5, Ferson and Harvey (1993, 1994)
International Finance: Empirics and Applications (Mariarosaria Comunale)									
Exchange rate regimes, currency crises and speculative attacks	4						4	10	Obstfeld and Rogoff ch.8, IMF, Blanchard et al. ch.19, Ilzetzki et al., Corsetti and Mackowiak.
Prices and exchange rate pass-through (STATA), euro and financial markets	3	1					4	10	De Grauwe ch.11, ERPT articles ECB
									Problem set 1
International Macroeconomics: Theory (Patrick Grüning)									
Intertemporal trade and current accounts	4						5	12	Obstfeld and Rogoff chs.1-2, Uribe and Schmitt-Grohe ch. 3 (IE)
International real business cycles	4						4	16	Uribe and Schmitt-Grohe ch. 4 (OEM) + Backus et al (1992)
International Macroeconomics: Empirics and Applications (Mariarosaria Comunale)									
Economic policy in an open economy	1						1	4	Blanchard et al. chs.18-19
Real (effective) exchange rates and determinants (STATA)	2	1					3	6	Lane and MF. Ricci et al., Obstfeld and Rogoff ch.4
Capital flows, current account, trade balance and balance of payment, global imbalances, EBA and MIP (STATA)	2	1					3	6	Uribe and Schmitt-Grohe ch. 1 (IE)-IMF (various sources), Forbes and Warnock, IMF

									EBA-lite
Covid19 and international macroeconomics	2						2	8	Baldwin and di Mauro; various articles and VoxEU columns
Group project presentations (Mariarosaria Comunale + Patrick Grüning)			3						Group project
Total	30	3	3				36	94	

Assessment strategy	Share in %	Time of assessment	Assessment criteria
Written exam	60%	Exam period	The final exam will consist of both longer open questions in which students have to show their analytical capabilities and of shorter questions simply testing students' knowledge.
Problem set	10%	During the course	The problem set covers exercises on International Finance Theory and Empirics/Applications.
Group project	30%	At the end of the course	The project will require connecting the studied material to real world problems. A group project report has to be prepared and the project will have to be presented in a seminar at the end of the course.

Author	Published in	Title	Issue No. or Volume	Publishing house or Internet site
Required reading				
Lecture notes and slides as well as online resources will be made available to all students.				
Text books				
Maurice Obstfeld and Kenneth Rogoff	1996	Foundations of International Macroeconomics Additional material	First edition	MIT Press
Martin Uribe and Stephanie Schmitt-Grohe	2014 (2017 paperback), 2019	1) Open Economy Macroeconomics (IE)- 2) International Macroeconomics (OEM) Additional material		1) https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.644.1492&rep=rep1&type=pdf 2) http://www.columbia.edu/~mu2166/UIM/index.html
John C. Hull	2017	Options, Futures and Other Derivatives	10th edition	Pearson Prentice Hall
Richard Baldwin, Charles Wyplosz (BW)	2019	The Economics of European Integration Additional material	Sixth Edition	McGraw-Hill
Paul De Grauwe (PdG)	2020	Economics of monetary union	13th Edition	Oxford University Press
Olivier Blanchard, Francesco Giavazzi, Alessia Amighini. (BGA)	2017	Macroeconomics: A European Perspective	Third Edition	Pearson Prentice Hall

Articles				
Giancarlo Corsetti and Bartosz Mackowiak,	2006	Fiscal Imbalances and the Dynamics of Currency Crises.	<i>European Economic Review</i> , Elsevier, vol. 50(5), pages 1317-1338, July.	https://www.sciencedirect.com/science/article/abs/pii/S0014292105000553
Backus, D., P. Kehoe and F. Kydland	1992	International Real Business Cycles	<i>Journal of Political Economy</i> Vol. 100, No. 4 (Aug., 1992), pp. 745-775	https://www.jstor.org/stable/2138686?seq=1
ECB (aa.vv.)	2020	The international role of euro		https://www.ecb.europa.eu/pub/ire/html/ecb.ire202006~81495c263a.en.html#toc2
ECB (aa.vv.)	2016 & 2020	Exchange rate pass-through into euro area inflation	ECB Bulletin 1) July 2016 2) April 2020	1) https://www.ecb.europa.eu/pub/pdf/other/eb201607_article01.en.pdf?d3093024208934f977bfef0b46d6446d 2) https://www.ecb.europa.eu/pub/economic-bulletin/articles/2020/html/ecb.ebart202003_01~7fc0abdec2.en.html
Peter M. Garber	1989	Tulipmania	<i>Journal of Political Economy</i> , Vol. 97, No. 3, pp. 535–560	https://www.jstor.org/stable/1830454?seq=1#metadata_info_tab_contents
Anne Goldgar	2018	Tulip mania: the classic story of a Dutch financial bubble is mostly wrong	<i>The Conversation</i> , Boston, MA	https://theconversation.com/tulip-mania-the-classic-story-of-a-dutch-financial-bubble-is-mostly-wrong-91413
Wayne E. Ferson and Campbell R. Harvey	1993	The Risk and Predictability of International Equity Returns	<i>The Review of Financial Studies</i> , Vol. 6, No. 3, pp. 527–566	https://www.jstor.org/stable/2961978?seq=1#metadata_info_tab_contents
Wayne E. Ferson and Campbell R. Harvey	1994	Sources of risk and expected returns in global equity markets	<i>Journal of Banking and Finance</i> ,	https://www.sciencedirect.com/science/article/abs/pii/037842669300

			Vol. 18, pp. 775–803	020P
Philip R. Lane & Gian Maria Milesi-Ferretti	2018	The External Wealth of Nations Revisited: International Financial Integration in the Aftermath of the Global Financial Crisis	<i>IMF Economic Review</i> vol. 66, pp. 189–222	https://link.springer.com/article/10.1057/s41308-017-0048-y
Luca Antonio Ricci & Gian Maria Milesi-Ferretti & Jaewoo Lee	2013	Real Exchange Rates and Fundamentals: A Cross-Country Perspective	<i>Journal of Money, Credit and Banking</i> , Blackwell Publishing, vol. 45(5), pages 845–865, August	
Richard Baldwin, Beatrice Weder di Mauro	2020	Economics in the time of COVID-19 More material: https://voxeu.org/pages/covid-19-page https://sites.google.com/site/alessiapaccagnini/covid19 http://www.oecd.org/coronavirus/policy-responses/covid-19-and-global-capital-flows-2dc69002/	VoxEU ebook	https://voxeu.org/article/economics-time-covid-19-new-ebook
IMF (aa.vv.)	2019	External Balance Assessment (EBA): Data and Estimates		https://www.imf.org/external/np/res/eba/data.htm
Forbes, Kristin J. & Warnock, Francis E	2012	Capital flow waves: Surges, stops, flight, and retrenchment	<i>Journal of International Economics</i> , Elsevier, vol. 88(2), pages 235–251.	
Ethan Ilzetzki, Carmen M. Reinhart, Kenneth S. Rogoff	2017	Exchange Arrangements Entering the 21st Century: Which Anchor Will Hold?	<i>NBER Working Paper No.</i> 23134	http://www.nber.org/papers/w23134 Data: http://www.carmereinhart.com/data/browse-by-topic/topics/11/