

**Syllabus**  
**Economics 560: Advanced International Economics**  
Spring 2013

**General information**

- **Time and place:** 11:00 am- 12:15 pm, TTH, Gardner 307
- **Instructor:** Anusha Chari
- **E-mail:** achari@unc.edu
- **Phone:** 919-966-5346
- **Office:** 306B Gardner Hall
- **Office hours:** Tuesdays 2:00pm-3:00pm and by appointment
  
- **Midterm 1:** Thursday February 14th in class.
- **Midterm 2:** Thursday April 4th in class.
- **Final Exam:** Saturday, May 4th, 12:00 pm - 2:00 pm.

**Course summary and objectives:**

International economics is one of the oldest disciplines within economics. International trade deals with the flow of goods and services among countries. International finance, the subject of this course, deals with the flow of capital. Topics covered by this course include: the gains from participating in international financial markets, the operation of the foreign exchange market, the parity conditions linking exchange rates to interest rates and goods prices, the determination of exchange rates and its relationship with other economic variables, alternative exchange rate regimes, international portfolio diversification, cross-border valuation and the management of exchange rate risk. This class will provide you with a framework for thinking about the important issues and controversies surrounding global financial markets.

**Text/Readings:**

The course readings are available in the course-pack

The syllabus, problem sets, lecture notes and additional readings will be posted online on Sakai. All materials on the website should be considered required reading unless otherwise noted. Note also that the lecture notes posted on the website are meant to be a supplement to the notes you take in class—they are a very poor substitute for class attendance. **You should check the website frequently for new updates.** Usually I will post lecture notes one day before the class.

## Course Requirements and Grading

### 1. Weekly Quizzes: (together 25% of your grade: 3.125% each)

There will be weekly quizzes in class to test the material covered in the previous week. There will be no quiz the weeks in which midterms are scheduled and the week following the two midterms. There will be no makeup quizzes. No credit will be given for missed quizzes without an officially documented excuse (for example, a doctor's note from the infirmary). If a quiz must be missed for an officially documented excuse, the final will carry the extra weight.

A tentative schedule of quiz dates is as follows:

Quiz	Day	Date
#1	Tuesday	January 22 <sup>nd</sup>
#2	Tuesday	January 29 <sup>th</sup>
#3	Tuesday	February 5 <sup>th</sup>
#4	Tuesday	February 26 <sup>th</sup>
#5	Tuesday	March 5 <sup>th</sup>
#6	Thursday	March 21 <sup>st</sup>
#7	Thursday	March 28 <sup>th</sup>
#8	Tuesday	April 16 <sup>th</sup>

The scheduled quiz dates may be changed if we have not covered the necessary material in class.

### 2. Case Studies/Empirical Applications: (10% of your grade)

You will be required to use excel to apply the concepts learned in class using real data. You will have to analyze the data to answer the assigned case questions. I will provide you with either the websites from where the data can be downloaded or the data in excel format. We will discuss your findings in class.

### 3. Midterms: (each 20% of your grade)

The midterm exams will be taken in class, and are closed-book exams. The first midterm exam will be in class on **Thursday February 14th** and the second in class on **Thursday April 4th**. If a midterm must be missed for an officially documented excuse, the final will carry the extra weight.

#### 4. Final exam: (25% of your grade)

The final is cumulative. The final must be taken at the time scheduled by the Registrar's office. The final exam is on *Saturday, May 4th at 12:00 pm.*

I will communicate any changes to the above requirements via email.

#### **Academic Integrity**

All students are expected to adhere to the Honor Code (<http://instrument.unc.edu>). Any violation will result in an F for the course, and other sanctions may apply.

#### **Tentative Schedule of Topics**

I will attempt to follow the tentative schedule outlined below but reserve the right to change the order of the topics if I determine that this will facilitate student learning.

CR=Course Reader, SK=Sakai

1. Describe syllabus and introduce the course
2. Chapter 3 The Foreign Exchange Market. CR
3. Chapter 4 Purchasing Power Parity (PPP). CR
4. Chapter 5 Interest Rate Parity (IRP) Course Reader. CR
5. Chapter 5 Fisher parities (FP) and the International Fisher Effect. CR
6. Case Study: MSDI-Alcala de Henares, Spain. SK
7. Gains from International Diversification. SK
8. Central Bank Interventions. SK
9. Chapter 11: Currency and interest rate futures. CR
10. Chapter 12; Currency Options. CR
11. Chapter 6 Spot exchange rate determination. CR