

Syllabus
Economics 560: Advanced International Economics
Fall 2016

General information

- **Time and place:** Tuesday and Thursday
12:30PM-1:45PM Alumni 205
 - **Instructor:** Anusha Chari
 - **E-mail:** achari@unc.edu
 - **Phone:** 919-966-5346
 - **Office:** 306B Gardner Hall
 - **Office hours:** Friday 2:30pm-3:30pm and by appointment
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- **Midterm 1:** Thursday September 29th in class.
 - **Midterm 2:** Thursday November 10th in class.
 - **Final Exam:** Friday December 9th, 12:00 pm-3:00pm

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:

There is NO required textbook. A recommended textbook is below.

Paul R. Krugman, Maurice Obstfeld, and Marc Melitz, *International Finance: Theory and Policy*, 10/E, 2014, ISBN-10: 0133826678 • ISBN-13: 9780133826678.

Other sources to keep up with current events include:

- Financial Times www.ft.com
- Economist www.economist.com
- EconBrowser <http://econbrowser.com>
- RGE monitor <https://www.roubini.com>

Required readings will be posted to Sakai.

The syllabus, problem sets, and additional readings will also be posted on Sakai. All materials on the website should be considered required reading unless otherwise noted.

You should check the website frequently for new updates.

Personal Electronics Policy:

Unless explicitly authorized, you are not permitted to use a laptop computer, tablet computer, smart phone, or cell phone during class.

Course Requirements and Grading

1. Six Homework Problem Sets: (together 12% of your grade: 2% each)

There will be weekly homework review the material covered in the previous week. No credit will be given for a homework problem set that is not turned in during class on the date the homework is due. I will post answers immediately after class.

A tentative schedule of problem set due dates is given in the assignment schedule below. The scheduled problem set dates may be changed if we have not covered the necessary material in class.

2. Paper Requirements (13% of your grade)

There are three parts to this requirement. There are two case studies and a paper on a topic of current interest in the global economy. The two cases are (1) The Greek Crisis: Tragedy or Opportunity and (2) Innocents Abroad: Currencies and International Stock Returns. The course materials include case studies, supplemental excel spreadsheets for the data exercise and resources from the media (radio and newspapers).

We will discuss in detail expectations about what the case analysis and write-ups will involve. You will be required to use excel to apply the concepts learned in class using data and to analyze the data to answer the assigned case questions. I will provide you with the website from where the cases can be downloaded. The student write-ups are handed in class in hard copy but spreadsheets with the data analysis can be submitted in Sakai drop box folders. We will discuss your findings in class—class participation is a part of the grade for this assignment.

The third writing assignment will be an essay on a topic of current interest. You will have to listen to a podcast from NPR, read current news articles and analysis and incorporate answers to the questions I provide to organize the paper.

3. Midterms: (each 22.5% 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 September 29th** and the second in class on **Thursday November 10th**. 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 **Friday December 9th at 12:00 pm**.

5. Attendance (5% of your grade)

Five random attendance checks after the first two weeks of class will be made to count as class participation. Each attendance check is worth 1% of overall grade.

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.

Schedule of Exams/Cases/HW Assignments		
Assignment	Day	Due Date
HW #1	Thursday	September 1 st
HW #2	Thursday	September 8 th
Case #1	Thursday	September 22 nd
Midterm #1	Thursday	September 29 th
HW #3	Thursday	October 13 th
Thursday, October 20 th : No Class (Fall Break)		
Writing Assignment	Thursday	October 27 th
HW #4	Thursday	November 3 rd
Midterm #2	Thursday	November 10 th
HW #5	Tuesday	November 22 nd
Thursday, November 24 th : No Class (Thanksgiving)		
Case #2	Thursday	December 1 st
HW #6	Thursday	December 8 th

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.

1. Describe syllabus and introduce the course.
2. National Income Accounting and the Balance of Payments KO-Chapter 12.
3. Exchange Rates and The Foreign Exchange Market KO-Chapter 14.
4. Exchange Rates and Interest Rate Parity KO-Chapter 14.
5. Money, Interest Rates & Exchange Rates KO-Chapter 15.
6. Price Levels and Exchange Rates in the Long Run KO-Chapter 16.
7. Gains from International Diversification.
8. Central Bank Interventions.
9. International Valuation.