1. Course Description

1.1. Overview. The goal of this course is to develop (1) your analytical skills to understand modern macroeconomics and (2) your writing skills to compose a clear academic research paper on a topic in macroeconomics. The topics cover asset pricing, the banking sector, fiscal policy, monetary policy, and the housing market. The course reviews the recent financial and monetary data and focus on analytical frameworks (economic models) to interpret these data. The analytical materials provided in this course aim at giving you tools to solve economical problems, conduct independent research, and write a report that summarizes your research results.

1.2. Prerequisites. Econ 201, Econ 212, calculus, linear algebra, and introductory econometrics.

You must be able to know how to find and organize time series or panel data according to the topic of your research paper. To this end you must be proficient with Excel and familiar with a statistical package such as Stata or Matlab or both. The media for presentation can be Powerpoint or PDF.

2. Grading

Your final grade is based on in-class tests and the assigned term report. Tests account for 70% of your final grade and a term report accounts for 30%.
• There is a total of 13 tests to be given in class. You have 25 minutes to complete your answer for each test. Test days are chosen randomly without advance notice. Only 10 tests with the highest scores are used for your final grade. If you miss class when a test is given, you will receive no credit for that particular test. This rule will allow you to miss up to 3 tests during the semester. No make-up test will be made available for any reasons.

• The length of the term report must be between 5 and 10 pages (double-spaced, 12-point font), excluding tables, graphs, references, as well as the title page that contains an abstract. There is no restriction on the number of pages for the tables, graphs, and references. The report must have a succinct abstract.

3. Honor Code

The honor code is in effect throughout the semester. By taking this course, you affirm that it is a violation of the code to cheat on exams, to plagiarize, to deviate from the teacher’s instructions about collaboration on work that is submitted for grades, to give false information to a faculty member, and to undertake any other form of academic misconduct. You agree that the teacher is entitled to move you to another seat during examinations, without explanation. You also affirm that if you witness others violating the code you have a duty to report them to the honor council.

4. Textbook


5. Other References

You may find the following references useful.

• The Federal Reserve Bank of Atlanta: Author’s Guide (reserved in the library).
6. Topics

I provide extensive lectures on each of the following four topics. These lectures aim at developing your analytical skills. All in-class tests are solely based on these lectures.

1. Asset pricing – a two-period model (Chapter 1, Cochrane 2001).
2. Credit spreads and fiscal policy – a two-period simple model (the article to be distributed).
3. Housing prices and Sharp ratios – a static model (the article to be distributed).
4. Understanding the money market and the term structure (slides and articles to be distributed; see also Stigum and Crescenzi (2007)).
5. Understanding the current financial crisis and the role of monetary and fiscal policies (slides to be distributed).

7. Deadline for Turning in Your Term Report

The deadline for turning in your report is 4:00pm on May 5, 2013 (Monday).

Please hand in your report to Marie Browne in Room 306 of Rich Building. Any report that will be turned in later than this deadline will receive zero credit. No exception will be made.

8. Instructions for Writing a Report

The report will be graded based on its content, its style, and its expository clarity. Make sure to check the spelling and the grammar of your report before submission.

- The report must be typed and double-spaced, with a font of 12 points (except for the title page, see below).
- The report must have the following sections, in the same order:
  1. An abstract (10%). A brief synopsis of the report, not to exceed 150 words, placed in the title page (11 point font and 1.5 line spacing). The rest of the report should start on a new page and should be typeset with 12 points and double-spaced.
(2) An introduction (20%). What questions does the report try to answer? Why is it important? What has been done in the literature? What is the unique contribution of your report? In addition, explain briefly (typically in a short paragraph at the end of the introduction section) how the presentation of the report is organized.

(3) A survey of the relevant literature (10%). Summarize the key articles relevant to your topic and ideas. In some cases, you may combine this section with the introduction.

(4) A clear description of your contribution (20%). If the report focuses on empirical analysis, this section should bear a title such as “Data and Methodology,” and should describe the sources of the data and the statistical or economic methodologies used to analyze the data. If you are proposing a theoretical model, this section should have a title such as “The Model,” and should give the details of the model’s structure and solution methods.

(5) A summary of results (15%). Present the main results of the report. Make sure that the presentation is precise enough so that anyone reading your report should be able to replicate your results by using the same data and the same methodology.

(6) A conclusion (15%). Briefly summarize what has been done in your report and what you think should be done in the future along the line of research that you have considered.

(7) A list of tables and figures (5%). They must be clearly labeled and numbered.

(8) A list of references (5%). They should be formatted according to examples I will given in the class.