International Finance
ECON 432
Fall 2015
Professor: Dr. Vivian Yue (Rich Bldg. 326)

Time and Location: MW: 1:00-2:15PM, White Hall 206
Office Hours: MW 11:00-12:30PM, or on appointment when needed and feasible.


Course website: Blackboard

Prerequisites: Econ 201 (Intermediate Microeconomics) and Econ 212 (Intermediate Macroeconomics)

Course Description:

This course aims to introduce students to three main areas in international finance; (1) money and exchange rates, (2) the balance of payments accounts, and (3) the role of economic policy. To this end, the course is designed to provide students with a basic knowledge of international financial markets. It is a combination of lectures and discussions covering both theory and real-world policies and events. As indicated above, the course is broadly divided into three parts – foreign exchange markets, international financial transactions, and economic policies. In the first part, we will focus on exchange rate behavior, foreign exchange rate markets, study the determinants of the exchange rates in the short run and in the long run and explore how exchange rates affect the economy. The second part of the course studies international financial transactions in a global macro economy, starting with basic accounting and measurement and then moving on to understanding the causes and consequences of imbalances in the flows and the accumulation of debts, credits, and wealth of nations. The goal of the last part of the course is to understand how the choices governments make about monetary and fiscal policies, or about exchange rate regime and capital mobility, affect economic outcomes, and why and how crises occur.

Given the description above, the learning objectives of this course are the following:

- A typical student is expected to master topics in money and exchange rates, understand how economists think and develop models and approaches to evaluate the behavior of exchange rates in the short and the long run.
- Understand the differences between short run and long run models of exchange rates and their implications for the behavior of exchange rates as well as policy making.
- Be exposed to business press that covers and interprets some of the key international issues that are discussed in the class.
- Develop skills to interpret articles that appear in journals such as Wall Street Journal (WSJ), Financial Times (FT) and magazines such as the Economist. Be able to evaluate and make some policy suggestions by using the tools learned in the class.
- Develop some skills that can be useful in evaluating different investment strategies in international currency markets.
- Be able to build linkages between the theoretical concepts learned in the class to real world issues
especially issues related to exchange rate policy and financial crisis.
• Understand fundamental issues related to the recent and current financial crisis, especially the crisis of Euro.
• Expose her or himself to some of the major applications and puzzles in international finance literature.
• Develop knowledge and an understanding of different policy approaches to global economic issues that might be useful in understanding overall domestic and global market place and form own policy perspective.
• Be able to work in groups with definite deadlines with common objectives.
• Prepare a concise scientific poster to communicate issues/results on an economic topic.

GRADING
Assignments: 20%
Article Analysis: 15%
Final Exam (Thur. Dec 10th 8:00AM-10:30AM): 35%
Attendance: 5%
Bonus Points: 5%

Assignments: These will range from LearningCurve activity to end-of-chapter problems on LaunchPad to summarizing assigned publications. There will be assignments for each chapter and will be posted on Blackboard.

Article/Data Analysis: There will be a total of 7 such analyses per person (Chapters 3-9). Depending the course requirement, you need to complete one of the following analysis: (i) select a 2-3.5 page long article from one of the following publications: The Economist, The Wallstreet Journal, Financial Times, The New York Times, and Voxeu (voxeu.org), analyze it using in-class material; (ii) collect real-time data on particular economic variables and analyze the data using in-class material. They will be graded on a pass/fail basis. These will be due on the day we begin a new chapter (printed and stapled please, not emailed) e.g. analysis one will be due when we begin chapter 4. Late submissions will not be accepted; instead, I will drop one failed analysis.

Attendance: This course requires your physical and mental presence. Attendance will be taken on a random basis in order to monitor your physical presence in the class. Your mental presence will be assessed via your in---class participation. I strongly encourage students to participate in class by answering questions that I pose and by posing questions of their own. I will evaluate your participation at the end of the semester by looking at your contribution to the learning experience in the class and your attendance to the class. Simply showing up to all classes does not mean that you will get a high participation score. What matters is not only your presence in the class but your presence and participation in the learning process.

Bonus Points: Bonus points, which work just like regular points and count up to five percentage points, are added to the students’ accumulated points at the end of the semester. You earn bonus points through a bonus point quiz at the end of some classes, presentation of your article/data analysis in class, as well as from completing additional bonus assignment, which will be posted on the blackboard.

Electronic Devices: The use of laptops, tablets, cell phones, pagers, and text messaging devices will be prohibited in class. If a strong need to use these arises please consult with me, otherwise please respectfully put them away.
Grading Scale:
A: (93-100%);
A- (90-92%);
B+: (87-89%);
B (83-86%);
B- (80-82%);
C+: (74-79%);
C (73-76%);
C- (70-72%);
D+: (67-69%);
D (60-66%);
F (0-59%)

In the event of a skewed grade distribution (to either direction), the distribution below recommended by the Department of Economics will be adopted:

- A/A- not to exceed 35%
- A through B- not to exceed 80%
- C+ or below at least 20%

TOPICS:

1. Introduction to Global Economy (2 meetings)
2. Introduction to Exchange Rates and the Foreign Exchange Market (3 meetings)
3. Exchange Rates I: The Monetary Approach in the Long Run (3 meetings)
4. Exchange Rates I: The Asset Approach in the Short Run (3 meetings)
7. The Balance of Payment II: Output, Exchange Rates, and Macroeconomic Policies in the Short Run (3 meetings)
8. Fixed Versus Floating: International Monetary Experience (2 meetings)
9. Exchange Rate Crises: How Pegs Work and How They Break (2 meetings)
10. The Euro (If Time Permits)
11. Topics in International Macroeconomics (If Time Permits)

Honor Code:

The honor code is in effect throughout the semester. By taking this course, you affirm that it is a violation 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. Find more information on the honor council at:

http://college.emory.edu/home/academic/policy/honor_code.html

Academic Advising and Class Deans
If you have any academic concerns or questions about Emory College of Arts and Sciences policies, you
should first meet with an OUE academic adviser. If an academic adviser is unavailable to meet with you, you may meet with an OUE dean during open hours.

- **OUE Academic Adviser appointments:** Visit White Hall 300 or call 404.727.6069
- **Deans’ Open Hours:**
  - Visit [http://college.emory.edu/home/administration/office/undergraduate/hours.html](http://college.emory.edu/home/administration/office/undergraduate/hours.html)

**Academic Support**

There are a range of resources available to Emory undergraduates designed to enrich each student’s educational experience.

- Visit [http://college.emory.edu/advising](http://college.emory.edu/advising) for a list of support programs and appointment directions

**Access and Disability Resources**

Students with medical/health conditions that might impact academic success should visit Access, Disability Services and Resources (ADSR formerly the Office of Disability Services, ODS) to determine eligibility for appropriate accommodations. Students who receive accommodations must present the Accommodation Letter from ADSR to your professor at the beginning of the semester, or when the letter is received.

**Attendance Policies (Absences and Absences from Examinations)**

- Absences: Although students incur no administrative penalties for a reasonable number of absences from class or laboratory, they should understand that they are responsible for the academic consequences of absence and that instructors may set specific policies about absence for individual courses.
- Absences from Examinations: A student who fails to take any required midterm or final examination at the scheduled time may not make up the examination without written permission from a dean in the Office for Undergraduate Education. Permission will be granted only for illness or other compelling reasons, such as participation in scheduled events off-campus as an official representative of the University. A student who takes any part of a final examination ordinarily will not be allowed to defer or retake that final. Deferred examinations must be taken during the student’s next semester of residence by the last date for deferred examinations in the academic calendar or within twelve months if the student does not re-enroll in the college. Failure to take a deferred examination by the appropriate deadline will result automatically in the grade IF or IU.

### Important Dates for Fall 2015

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<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>Wednesday, August 26th</td>
<td>First day of classes for graduate and undergraduate</td>
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<tr>
<td>Wednesday, September 2nd</td>
<td>Last day for schedule change</td>
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<td>Monday, September 7th</td>
<td>Labor Day Holiday</td>
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<tr>
<td>Wednesday, September 9th</td>
<td>(4:00 p.m.) Last day for Letter Grade OR Satisfactory/L/G-</td>
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<td>Friday, September 11th</td>
<td>Degree Applications for Fall Graduates due in College Office</td>
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<td>(Students should bring to elizabeth, 312D Rich Bldg. for advisor signature)</td>
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<tr>
<td>Friday, September 11th</td>
<td>Deadline for Completion of Incomplete Work</td>
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<tr>
<td>Mon-Tues October 12-13</td>
<td>Fall Break (no classes)</td>
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<td>Friday, October 16th</td>
<td>Last Day to Withdraw without penalty</td>
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<td>Monday, October 26th</td>
<td>Pre-registration begins for Seniors for Spring 2016 (75+ hours)</td>
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<td>Friday, November 13th</td>
<td>Last day to withdraw for First year on campus students</td>
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<td>Monday, November 23rd</td>
<td>ADD/DROP/swap opens for Spring 2016</td>
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<td>Wed-Fri- November 25-27th</td>
<td>THANKSGIVING HOLIDAY</td>
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<td>Tuesday, December 8th</td>
<td>Last Day of Classes, Emory College</td>
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<td>Wednesday, December 9th</td>
<td>Reading Day</td>
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<td>Dec. 10-11, 13-19th</td>
<td>Final Exam Days</td>
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