**International Finance**

**ECON 432**

**Spring 2017**

**Professor: Dr. Vivian Yue (Rich Bldg. 326)**

**Time and Location**: M/W: 11:30-12:45PM, White Hall 103

**Office Hours**: M/W 1:00-2:00PM, or by appointment when needed and feasible.

**Email**: vyue@emory.edu

**Telephone**: 404-727-0340

**Required Textbook**:

(1) Feenstra, Robert C. and Alan M. Taylor (**FT**), “International Macroeconomics”, Ed. 3, Worth Publishers.

(2) Stephanie Schmitt-Grohe, Martin Uribe and Michael Woodford**(SUW) “***International Macroeconomics.*An Intermediate Undergraduate Textbook”. <http://www.columbia.edu/~mu2166/UIM/suw.pdf>

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

**Course Description:**

This class introduces basic models necessary to understand how different national economies are integrated with each other. Recent research on the empirical and practical relevance of these models is discussed. 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. The objective is to give students the tools necessary to read critically and understand discussions of international economic policy found in popular media such as The Economist magazine, the Wall Street Journal and the Financial Times, as well as providing a basis for additional coursework in international finance and international macroeconomics.

**Course Prerequisites:**

The course presumes knowledge of both micro- and macroeconomics at the principles level, as well as elementary differential calculus and high school level algebra. The prerequisites courses are Intermediate Microeconomics (Econ 201) and Intermediate Microeconomics (Econ 202), or a similar course. You should also be comfortable with a spreadsheet program like Microsoft Excel.

**Communication and Course Website**

I will mostly use Canvas to make announcements regarding the course. Please check regularly your Emory email account. All the materials for this course will be posted on Canvas under ECON 432.

**Office Hours**

I will have two sets of office hours:

Mondays 1:00—2:00pm in Rich Building 326 (my office)

Wednesdays 10:15--11:15am and 1:00—2:00pm in Rich Building 326 (my office).

**Teaching Assistants**

The TA for this course is Xiangyu Gong. The TA will grade the exams and assignments. The TA will also hold occasional office hours which we will announce ahead of time.

**Assessment and Grading Scheme**

1. Your final grade (FG) will depend on your performance on the following assessments: a cumulative final exam (FE), a midterm exam (ME), six problem sets (PS) and bonus points (BP).

2. The cumulative final exam (FE) will be held on Friday, May 2nd 8:00--10:30am. The location for the FE is to be determined. The final exam schedule for spring classes can also be found on the Registrar's webpage at: <http://registrar.emory.edu/faculty-staff/exam-schedule/spring-2017.htm>. This date is determined by the University and there is nothing I can do about it. Please make note of the date now. I will not administer the exam early to anyone who has booked early travel home for the summer break.

The midterm (ME) is scheduled for **Wednesday, March 15th 11:30--12:45pm**. The location for the midterm is White Hall 103.

Should you have a valid, University-approved conflict with any of the exam times, consult with me at least a week ahead of the exam date to make alternative arrangements in accordance with the university guidelines. Failure to resolve exam conflicts at least a week in advance may mean that no alternative arrangements will be available.

Assessments will be graded by the TAs according to my instructions. All the assessments will be graded on the scale of 0--100%. If you need a clarification about an assessment grade please contact the TA first and then contact me if you are unable to resolve the problem.

Bonus points (BP), which work just like regular points and count up to five percentage points, are added to the students’ final grade (FG) at the end of the semester. You earn bonus points through class participation and presentation of your work in class.

Your final grade (FG) will be computed as follows: (Step 1) the FE is worth 45% of the grade, your midterm is worth 35% of the grade. The 20% of the final grade comes from the best 5 out of 6 mandatory problem sets (PS), each worth 4%. (Step 2) After the calculation in Step 1, up to 2 bonus points (BP) is added to the final grade.

The FG may be curved. Grades may be curved only in the upward direction. The following is a conversion for points into letter grades:

A: (93-102%);

A- (90-93%);

B+ (87-90%);

B (83-87%);

B- (80-83%);

C+ (77-80%);

C (73-77%);

C- (70-73%)

D (65-70%);

F (0-65%)

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%

**Regrading policy** If, after going over your assignment and the assignment solutions, you believe some of your solutions were more correct than originally judged to be, you may submit, in writing, an exam regrade request. Your regrade request must specify which solutions(s) you believe were not graded appropriately and a substantive explanation for why you believe your solutions are more correct than originally judged (thus, regrade requests that consist of essentially nothing more than ``I think I should have received more points on this question'' will not be considered). Your entire exam is subject to regrade, so the overall grade may go up, down or remain unchanged. Exam regrade requests are due no later than 1 week (7 calendar days) after exams are returned.

All midterms and the final exams are **individual-work and closed-book**. Problem sets can be worked on in groups of up to 3 students. If you choose to work in groups, submit only one solution for the entire group, but please make sure all your names and student IDs are clearly written on the front page of your submission.

There will be no make-up exams, no extensions of deadlines, and no extra credit assignments.

There will be no extensions of deadlines.

It is mandatory that students bring their Emory student ID card to all exams.

A student who does not respect the time limits during a test will get a 10\% penalty on that test.

All problem sets are to be submitted at the beginning of class on the due date.

Methods of evaluation for PSs, ME, and FE: short-answer questions, numerical calculations, mathematical derivations, true-false, multiple choice, and fill-in-the-blank questions.

Your grades on problem sets and exams will be posted. Please immediately report to the instructor any discrepancy between the posted and actual grades.

**Contacting the Instructor**

My office hours are listed on page 1. Please feel free to come to these office hours to seek help or to discuss matters related to the course. Please note that there is no guarantee I will be available to assist you (even if I am in my office) if you drop by at random times outside of my designated office hours... but I will do my best!

If my scheduled office hours are in conflict with your schedule, you can request an appointment with me via email at vyue@emory.edu. Please ensure that your email has subject line starting with ``International Finance,'' -- this will minimize the risk of your email being overlooked or perceived as spam.

**Guidelines and Expectations**

Students are expected to come to class and to participate in various ways in the lectures: either by asking questions, by pointing out errors on the slides, or by answering questions I ask during lectures.

Most of the time, I will deliver my lectures using slides. The slides will be posted on the course website after classes (and if I can, even before classes). Occasionally, I will use the blackboard/whiteboard to cover additional material. The slides are NOT lecture notes. They mainly provide an outline of what will be discussed in class.

A reading schedule is outlined in this syllabus (see below). Students are assumed to have read the material ahead of the lectures. Students should NOT expect me to talk about every single textbook page. The lectures will focus on the most important and challenging parts of the material. More basic material will be left for the students to study on their own. I will refer to this more basic material in the lectures, hence the need to read ahead to understand the lectures.

**Electronic Devices**: The use of cell phones, pagers, and text messaging devices will be prohibited in class. Please respectfully put them away.

Laptop and tablets can be used for note taking. Yet if one is found to use these devices on other purposes, he or she loses the right to use these devices on the class for the rest of the semester.

**Honor Code**

The code itself can be found at the Emory website <http://college.emory.edu/home/academic/policy/honor_code.htm> and is copied below. You are strongly encouraged to learn its rules:

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.

**Course Outline**

The tentative (and intentionally ambitious) outline for the course is as follows:

1. Introduction to Global Economy (2 meetings)

**FT** ch. 1

1. Introduction to Exchange Rates and the Foreign Exchange Market (1 meetings)

**FT** ch. 2

1. The Asset Approach to Exchange Rates and International Capital Market Integration (3 meetings)

**FT** ch. 4, **SUW** ch. 8

1. The Law of One Price, Purchasing Power Parity, and Real Exchange Rates (3 meetings)

**FT** ch. 3, **SUW** ch. 9 ch. 10

1. The Balance of Payments and Global Imbalance (2 meetings)

**FT** ch. 5, **SUW** ch 1

1. The Gains from Financial Globalization (8 meetings)

**FT** ch. 6,

* Current Account Sustainability **SUW** ch. 2,
* A Theory of Current Account Determination **SUW** ch. 3, ch. 4
* Uncertainty and the Current Account **SUW** ch. 5
1. Output, Exchange Rates, and Macroeconomic Policies (3 meetings)

**SUW** ch. 6.

1. Twin Deficits: Fiscal Deficits and Current Account Imbalances (2 meetings)

**SUW** ch. 7

1. Monetary Policy and Nominal Exchange Rates (2 meetings)

**SUW** ch. 12

**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: 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 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 Spring 2017**

**Monday, January 9th** First day of classes for graduate students

**Tuesday, January 10th** Firstday of classes for undergraduate students

**Monday, January 16th** Martin Luther King Jr. Holiday

**Tuesday, January 17th**  Last day for schedule change undergraduate

**Thursday, January 26th** (4:00 p.m.) Last Day for Letter Grade OR Satisfactory/Unsatisfactory (L/G - S/U) change (graduate students 1/23)

**Friday, January 27th**  Deadline for Completion of Incomplete Work from Fall 2016

**Friday, February 3rd** Summer 2017 Pre-registration begins

**Friday, February 3rd**  Degree Applications for Spring Graduates due to OUE by 4:00 PM (Students should bring to Elizabeth, 312D Rich Bldg. for advisor signature)

**Friday, March 3rd** Last Day to Withdraw without penalty

**Mon-Fri, March 6th- 10th** Spring Break (no classes)

**Monday, March 20th** Pre-registration begins for Seniors for Fall 2017 (75+ hours)

**Friday, March 31st** Last day to withdraw for first year on campus students

**Monday, April 17th** ADD/DROP/SWAP opens for Fall 2017

**Monday, April 24th** Last Day of Classes

**April 25th- May 3rd** Final Exam Days

**Friday, May 5th** Senior Grades Due at 10 AM

**Monday, May 8th** Commencement

**Thursday, May 11th**  Deadline for faculty to submit grades in OPUS

**At certain points in the course it may make good sense to modify the course content**

**described in this syllabus. The instructor reserves the right to modify elements of the**

**course and will notify students accordingly (in class and post any changes in the course website).**