

# **Macroeconomics I**

**Module 2, academic year 2018-2019**

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**TA: TBA**

## **Course description**

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Macroeconomics is a study of the performance of an economy as a whole. It analyzes aggregate variables like GDP, inflation, unemployment, interest rates, government debt, and exchange rates. All of these are at the center of basic analysis at a wide range of jobs: A hedge fund manager evaluates the risk and return from an investment in an emerging market using predictions on economic growth, currency devaluation, and sovereign default. A consultant may use the same analysis to develop a strategy of entering new foreign markets. An investment banker prices a bond issuance based on expectations of future interest rates, which in turn are influenced by future monetary policy.

This course provides a practical guide to macroeconomics with a special emphasis on financial and international topics. There are two major goals in this course. The first one is to understand basic tools and concepts necessary to comment on and analyze current macroeconomic events. Whenever possible, we will use examples of the most recent major events such as the Great Recession and the ensuing development of macroprudential policies, the Eurozone crisis and the potential spillovers from the sovereign default risk. The second goal is to develop related data skills. We will learn what data is most helpful for each type of analysis, where to get it, how to present it, and what conclusions could be drawn from it.

## **Course requirements, grading, and attendance policies**

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Class attendance and participation are encouraged, but not required. The course grade will be based on homework assignments (15% of the grade), the final project (20%), and the final exam (65%). Home assignments will include general problem solving, data analysis, and extensive reading for various cases that will be discussed in class after the homework deadlines. Students are strongly encouraged to apply their skills from the “Data Analysis in Python” course.

In the final project, students (in teams of up to three people) will choose a macroeconomic event within the last 5 years and prepare a one-page report on it. Sample topics include the interest rate increase by the Bank of Russia on September 14, 2018, or a 2018 currency crisis in Argentina. The goal of the report is to provide an executive summary of an event, discuss its major causes, and to offer several scenarios for the future. Detailed guidelines will be posted on my.nes.

## **Course contents**

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- I. National accounting
- II. Economic growth
- III. Unemployment and business cycles
- IV. Money and banking, tools of monetary policy
- V. Macroeconomic policy in the short run, the AS/AD model
- VI. Open economy: capital flows and exchange-rate regimes
- VII. Sovereign debt and macroeconomic stability

## **Course materials**

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We will use the NYU Stern's "The Global Economy" textbook as the main roadmap. It is available online [here](#). It will be supplemented with many additional materials that will be posted on my.nes.

## **Academic integrity policy**

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Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.