

# Macroeconomics-II

Module 6, 2020-2021

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## Course description

The core of this course is macroeconomic evidence and empirics. The course does not require advanced calculus yet requires good understanding of econometrics.

## Course requirements, grading, and attendance policies

Macroeconomics-I, Econometrics-I and II.

The course grade is based on home assignments (36%), case discussions (20%) and final exam (44%).

## Course contents

Week	Date	Topic	Reading
1		<b>Foreign exchange market, PPP and UIP.</b> 1. FX markets. Rate of return 2. PPP and UIP	[1], [2]
2		<b>Carry trade</b> 1. UIP puzzle 2. Carry trade and other strategies	[2], [3]
3		<b>Exchange rates</b> 1. Commodity currencies 2. Exchange rate predictions	[3]
4		<b>Trade imbalances</b> 1. Trade and capital flows 2. Eurozone, US and China 3. Banking sector after the Financial Crisis	[4]
5		<b>Central Bank and the markets</b> 1. CB impact on the markets 2. Inflation expectations	[5]
6		<b>Market expectations</b> 1. Fed fund rate 2. Inflation 3. Recessions	[5]
7		<b>GDP Growth and other questions</b> 1. Growth prediction 2. Growth and uncertainty 3. Growth and real exchange rate	[6]

## Course materials

1. "International Finance: Theory and Policy", Chapter 4
2. "International Finance: Theory and Policy", Chapter 5

3. “International Finance: Theory and Policy”, Chapter 6
4. Case “US current account deficit”
5. “International Finance: Theory and Policy”, Chapter 3
6. Case “The globalization of the renminbi”

### **Academic integrity policy**

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