Syllabus

[cmcd.economia@fgv.br]

Course: International Finance
Professor:

FIRST TERM 2025

PROGRAM

This is a course on topics in international macroeconomics and finance. We will cover the baseline models as well as the empirical evidence. Topics covered include the International Real Business Cycles (IRBC) and the New Keynesian open-economy models, exchange rate determination, the uncovered interest rate parity (UIP), and international goods pricing, with a focus on the global role of the US dollar in international trade and finance. Topics covered also include international risk sharing, sudden stops, and capital market imperfections. There will be two problem sets, one referee report, and one mini research project. All assignments must be submitted individually, although students are encouraged to discuss research ideas with each other.

Understanding the models requires a strong background in math and economics. Students who have not taken the basic Macroeconomics and Microeconomics courses for Master and Doctorate students at the Sao Paulo School of Economics – FGV are advised to contact Professor Mereb before signing up for the course.

BIBLIOGRAPHY

Lecture notes and slides

Selected bibliography:

Bacchetta, Philippe, and Eric Van Wincoop. "Puzzling exchange rate dynamics and delayed portfolio adjustment." Journal of International Economics 131 (2021): 103460.

Berka, Martin, Michael B. Devereux, and Charles Engel. 2018. "Real Exchange Rates and Sectoral Productivity in the Eurozone." American Economic Review 108 (6): 1543–81.

Bianchi J. (2011): “Overborrowing and systemic externalities in the business cycle,” American
Engel, Charles. 2015. “Exchange Rates and Interest Parity”, Handbook of
International Economics 4, 494-515.

Gabaix X. and M. Maggiori (2015): “International liquidity and exchange rate dynamics,”
Quarterly Journal of Economics, 130(3), 1369-1420.

Gopinath, Gita, Emine Boz, Camila Casas, Federico J. Díez, Pierre-Olivier Gourinchas, and Mikkel Plagborg-Møller. 2020. "Dominant Currency Paradigm." American Economic Review 110 (3): 677–719.

Itskhoki, Oleg, and Dmitry Mukhin, 2021. "Exchange Rate Disconnect in General Equilibrium," Journal of Political Economy, University of Chicago Press, vol. 129(8), pages 2183-2232.

Schmitt-Grohé, Stephanie, and Martin Uribe. "Downward nominal wage rigidity, currency pegs, and involuntary unemployment." Journal of Political Economy 124.5 (2016): 1466-1514.

GRADING

Course paper: 50%
Referee report 1: 20%
Referee report 2: 30%

EMAIL