# Syllabus

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**Course Name: Applied Macroeconomics for Financial Markets**
**Professor:**

**2026 1ST SEMESTER**

## COURSE OUTLINE

This course trains students to perform the role of a market economist in financial institutions and economic consultancies. It develops the ability to interpret macroeconomic indicators, build derived analytical metrics, compare data with market expectations, and translate economic information into actionable scenarios for financial decision-making.

The course emphasizes hands-on, data-driven analysis of Brazil and the United States, following the actual macroeconomic release calendar. Each topic begins with a concise theoretical foundation and is followed by practical applications using real-time data. Students are also exposed to the routines, tools, and frameworks used by the sell-side and buy-side, including macro strategy, inflation analysis, labor-market tracking, nowcasting, and monetary-policy assessment.

By the end of the course, students will be able to:

- Interpret the main macroeconomic indicators used in financial markets (inflation, activity, labor market, monetary policy).
- Build and organize real-time data dashboards, including seasonal adjustment, derived metrics, and alternative indicators.
- Relate macroeconomic releases to market expectations.
- Understand the macro–finance linkage.
- Construct short-term economic scenarios consistent with the conduct of monetary policy in Brazil and the U.S.
- Apply theoretical models to interpret data.
- Communicate macro insights clearly to a professional audience.

## COURSE PROGRAM

### 1 — INFLATION ANALYSIS FOR FINANCIAL MARKETS

**Theoretical foundation**: Price-setting frictions (Calvo, Rotemberg, Menu Cists, Golosov-Lucas, Lorenzoni-Werning).

**Empirical Discussion**: Nakamura and Steinsson (2008, QJE), Nakamura and Steinsson (2013, Annual Review); Klenow and Malin (2010, Handbook), Eichenbaum, Jaimovich and Rebelo (2011, AER)

**Application**: Inflation decomposition: goods/services, tradables/non-tradables, diffusion, persistence; Seasonal patterns and high-frequency drivers; Reading IPCA, PCE, CPI, PPI, core measures, trimmed means; Building inflation nowcasts using market and survey data; Comparing data with Focus/Bloomberg expectations.

### 2 — LABOR MARKET INDICATORS AND BUSINESS-CYCLE CONDITIONS

**Theoretical foundation:** Matching frictions, Beveridge curve, unemployment dynamics, job flows. Optimal Employment policies. Labor market as a predictor of inflation and monetary policy (NAIRU, wage Phillips curve).

**Applications:** Brazil: PNAD Contínua, CAGED, wages, informality, flows; U.S.: Nonfarm Payrolls, unemployment rate, JOLTS, wages, participation. Constructing coincident and leading indicators for labor. Reading labor-market surprises for markets.

### 3 — ACTIVITY INDICATORS AND HIGH-FREQUENCY TRACKING

**Theoretical foundation:** Estimating Output gaps; demand vs. supply shocks; components of GDP; business-cycle accounting.

**Applications:** Brazil: PIB Trimestral, IBC-Br, PMS, PMC, PIM, credit indicators, confidence indices. U.S.: GDPNow (Atlanta Fed), ISM/PMI, retail sales, industrial production. Building synthetic activity indicators and short-term GDP trackers.

### 4 — MONETARY POLICY IN PRACTICE

**Theoretical foundation:** Estimating Natural Interest Rate. Semi-structural models: BCB (Modelo de Projeção Trimestral) and Fed (FRB/US, DSGE) (Theory and Estimation).. Risk-premium shocks, credibility, forward guidance, fiscal-monetary interactions.

**Applications:** Copom and FOMC previews and analysis. Policy scenario building: baseline, alternative, and risk maps. Macro–finance links: impact on curves, FX, equities, and credit spreads.

## GRADING

### Final Group Project — Macroeconomic Outlook (100% of the grade)

Each group (2 students) will be assigned a country and must deliver a professional outlook similar to those produced by sell-side and buy-side macro teams. The presentation must include:

### 1- Historical Scenario Recap (Past 12–24 months)

Evolution of inflation, economic activity, labor-market conditions, and monetary policy.

Key shocks and policy decisions that shaped the current macro environment.

### 2- Baseline Scenario (Reference Outlook)

Inflation projections, using decomposition and core measures.

Activity and labor-market projections, based on leading/coincident indicators.

Monetary policy trajectory, with an explicit Taylor-rule interpretation.

Expected implications for the interest rate curve, exchange rate, and risk premia.

### 3- Alternative Scenarios (2 risk cases)

Well-constructed narratives with macro drivers (supply shock, policy miscommunication, fiscal deterioration, external shock, etc.).

Scenario-consistent projections for inflation, activity, and policy rates.

Assessment of the likely market reaction.

### 4- Investment Strategy Implications

Prescriptions grounded in each scenario, including clear articulation of how macro risks translate into actionable strategies.

### 5 - Data Appendix

Charts, nowcasts, tables, derived indicators, and any modeling outputs used in the analysis.