

Syllabus

[cmcd.economia@fgv.br]

Course: Topics in Macroeconomics – Liquidity

Professor: Luis Araujo

2018 SECOND TRIMESTER

PROGRAM

The Great Recession of 2007-2009 highlighted the need for a broader view of liquidity, and placed new emphasis on the real effect of liquidity shortages. In this course, I plan to cover a selection of papers which deals with these issues. Some papers discuss the public provision of liquidity, while others focus on the private provision of liquidity. Throughout, there is a particular attention to the underlying frictions that make liquidity, or its lack thereof, a relevant issue.

MAIN REFERENCES

- (ACG) Allen, Carletti, Gale, “Interbank market liquidity and central bank intervention, **JME** (2009)
- (AL) Afonso and Lagos, “Trade Dynamics in the Market for Federal Funds”, **Econometrica** (2015)
- (CW) Carapella, Williamson, “Credit Markets, Limited Commitment, Government Debt, **RES** (2015)
- (DR) Diamond and Rajan, “Money in a Theory of Banking”, **AER** (2006)
- (DP) Donaldson and Piacentino, “Money Runs”, **Working Paper** (2017)
- (GMMW) Gu, Mattesini, Monnet and Wright, “Banking: A New Monetarist Approach”, **RES** (2013)
- (HT) Holmstrom and Tirole, “Private and Public Supply of Liquidity”, **JPE** (1998)
- (KM) Kiyotaki and Moore, “Evil is the Root of all Money”, **AER** (2002)
- (K) Kurlat, “Liquidity as Social Expertise”, **Journal of Finance**, forthcoming
- (LRW) Li, Rocheteau and Weill “Liquidity and Threat of Fraudulent Assets” **JPE** (2012)
- (RWZ) Rocheteau, Wright and Zhang, “Corporate Finance and Monetary Policy”, **AER** (2017)

(W) Williamson, "Liquidity, Fin. Intermediation, Monetary Pol. In New Monetarist Model", **AER** (2012)

(WW) Williamson, "Scarce Collateral, the Term Premium, and Quantitative Easing." **JET** (2016)

GRADING

There will be final exam, worth 50%, and a term paper, worth 50%.

PROFESSOR - EMAILS

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PROGRAMAÇÃO AULA-A-AULA

1	LACK COMMITMENT AND LIQUIDITY (CW, DR, DP, GMMW, KM)
2	LACK COMMITMENT AND LIQUIDITY (CW, DR, DP, GMMW, KM)
3	LACK COMMITMENT AND LIQUIDITY (CW, DR, DP, GMMW, KM)
4	LACK COMMITMENT AND LIQUIDITY (CW, DR, DP, GMMW, KM)
5	LACK COMMITMENT AND LIQUIDITY (CW, DR, DP, GMMW, KM)
6	ASYMMETRIC INFORMATION AND LIQUIDITY (HT, K, LRW)
7	ASYMMETRIC INFORMATION AND LIQUIDITY (HT, K, LRW)
8	ASYMMETRIC INFORMATION AND LIQUIDITY (HT, K, LRW)
9	POLICY (ACG, AL, RWZ, W, WW)
10	POLICY (ACG, AL, RWZ, W, WW)
11	POLICY (ACG, AL, RWZ, W, WW)
12	POLICY (ACG, AL, RWZ, W, WW)
13	POLICY (ACG, AL, RWZ, W, WW)
14	TERM PAPER PRESENTATIONS
15	FINAL EXAM