

Syllabus

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Course: International Finance

Professor:

FIRST TERM 2025

PROGRAM

The first part of the course covers models of currency crises, debt crises, and liquidity crises, starting with the classical models of the literature and reaching the most recent developments, including: the role of beliefs in crises; multiple equilibria; equilibrium selection; the role of public information; herd behavior; quantitative analyses of debt crises; international lending of last resort.

The second (and smaller) part of the course covers empirical methods appropriate to study these questions, including: methods to recover implicit probability densities from option prices; identification through heteroscedasticity.

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 Guimaraes before signing up for the course.

BIBLIOGRAPHY

Lecture Notes:

Lecture Notes: International Financial Crises, Bernardo Guimaraes.

Papers:

Arellano, AER 2008; Bates, JF 1991; Bikhchandani, Hirshleifer and Welch, JPE 1992; Campa, Chang, Refalo, JDE 2002; Chang and Velasco, JET 2000; Collard, Habib, Rochet, JEEA 2015; Cuadra, Sanchez and Sapriza RED 2010; Eaton and Gersovitz, REStud 1981; Flood and Garber, JIE 1984; Hebert and Schreger, AER 2017; Jeanne, JIE 1997; Krugman, JMCB 1979; Morris and Shin, AER 1998; Morris and Shin, 2003; Morris and Shin, EER 2004; Obstfeld, EER 1994; Rigobon and Sack, JME 2004; Rochet and Vives, JEEA 2004.

+ recent papers

GRADING

Course paper: 40%

Exam: 50%

Participation: 10%

EMAIL