

Syllabus

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Course: International Finance

Professor:

FIRST TERM 2026

PROGRAM

This is a course on topics in international macroeconomics and finance. We will discuss both the baseline models and the recent empirical evidence. Topics covered include the New Keynesian open-economy model, exchange rate determination and the uncovered interest rate parity (UIP), and international goods pricing in the context of the global role of the US dollar. We will also cover international risk sharing, sudden stops, and capital market imperfections. There will be a few problem sets, referee reports, and one mini project. All assignments must be submitted individually, though students are encouraged to collaborate and 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 Economic Review*, 101, 1471–1501.
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%

Problem sets: 30%

Referee report: 20%

EMAIL