Notes:


2) Items denoted with (WEB) can be found in the "Readings from Web" section of Canvas.

3) Items denoted with (LIB) can be found in the "Readings from Library" section of Canvas.

4) The case study “Reducing Inflation in Argentina: Mission Impossible?”, a CBS case by Alvarez and Zeldes, is referred to as (ARG)

5) Assignments can be found in the appropriate sections of Canvas.

Most weeks have two lectures, part 1 and part 2. For clarity, the readings and information for each week is listed on one (or two) separate pages of this syllabus.

Each week, please make sure you are using the most up-to-date version of this syllabus. Versions are dated in the upper-right corner, and the latest version will always be posted on the Canvas site. (If I make any major changes, however, I’ll alert you in the weekly emails and in class.)
Week 1

Part 1: Overview / Course Outline and Administrative Briefing


Part 2: The Exchange Rate as an Asset Price

1. **KOM:** Chapter 14, "Exchange Rates and the Foreign Exchange Market: An Asset Approach."

2. **KOM:** Appendix to Chapter 14, “Forward Exchange Rates and Covered Interest Parity.”
Week 2

Assignment 1: UIP and Carry Trades in Practice. Due Date, Submitted via Canvas: Week 3

Part 1: UIP and Carry Trades in Practice

1. LIB: Bansal, Ravi and Dahlquist, Magnus, 2000. "The Forward Premium Puzzle: Different Tales from Developed and Emerging Economies," Journal of International Economics. (Note: You need only read to section 2.3.3 in the paper.)


Part 2: Long-run Determination of Exchange Rates

1. KOM: Chapter 16, "Price Levels and the Exchange Rate in the Long Run." (Note: You need only read up to page 435 in 10th Edition and page XXX in 11th Edition.)


Week 3

Assignment 2: Calculating the Extent of the Chinese Overvaluation. Due Date, Submitted via Canvas: Week 4.

Part 1: Exchange Rates and Exchange Rate Risk: The Manager's Perspective

1. **LIB:** Knetter, Michael and Pinelopi Goldberg, 1997. "Goods Prices and Exchange Rates: What Have We Learned?" *Journal of Economic Literature.* (Note: I won’t expect you to follow the parts with equations that are a bit technical.)


Part 2: The Importance of Real Exchange Rates


Week 4

Assignment 3: Taking FX positions with what we’ve learned so far. May require taking actions before your week 5 midterm, well in advance of the due date (as discussed in class). So, please read it carefully TODAY if you haven’t already.

Due Date, Submitted via Canvas: Week 8.

Part 1: Intervention in Currency Markets

2. KOM: Chapter 18, "Fixed Exchange Rates and Foreign Exchange Intervention."
3. KOM: Chapter 19, "International Monetary Systems: An Historical Overview."

Part 2: Speculative Attacks and Financial Contagion


Part 3: Midterm Details and Review
Week 5

Part 1: Midterm Examination. See "Announcements" on Canvas for additional details.

Part 2: The IMF and World Bank: Then and Now
Week 6

Part 1: Exchange Rates and Macro: Theory

1. **KOM:** Chapter 17, “Output and the Exchange Rate in the Short Run.” (Note: You may skip pages 477-481 and the chapter appendices in the 10th Edition and you may skip pages XXX in the 11th Edition.)

Part 2: Exchange Rates and Macro: Applications


5. **ARG:** “Reducing Inflation in Argentina: Mission Impossible?”, a Columbia Business School case by Alvarez and Zeldes

Three to read in the following order:


Week 7

Part 1: Optimal Currency Areas

1. **KOM**: Chapter 21, "Optimum Currency Areas and the Euro."


Part 2: The Euro Crisis


Week 8

Part 1: The Current Account

1. **KOM:** Chapter 13, "National Income Accounting and the Balance of Payments."

Part 2: The U.S. Current Account Deficit


Week 9

Part 1: Current Account Sustainability


Week 10: Lecture on China and Course Overview

Part 1: Sovereign Wealth Funds
Reading: TBD

Part 2: Border Adjustment and Territorial Taxes
Reading: TBD

Week 11
Final Exam. Good Luck!