
Note: We will use only Parts III and IV of this text. However, Econ. 441 will use Parts I and II.

Assignments:

I. Foreign Exchange Markets (Chapter 13)
   A. Definition of an Exchange Rate and Market (13.1 to 13.3)
   B. Traders' Activity (13.4 and A13.1)
   C. Covered Interest Arbitrage (13.5 and A13.2 and .3)
   D. Eurocurrency Markets

II. The Balance of Payments (Chapter 14)

III. Automatic Adjustment Mechanisms
   A. Price Adjustment (Chapter 15)
   B. Income Adjustment (Chapter 16.1 to 16.4)
   C. The Absorption Approach (Chapter 16.5 and 16.6)

IV. Balance of Payments Adjustment Policies
   A. Policy Mixes (Chapter 17)
   B. The Monetary Approach (Chapter 18)

V. Flexible vs. Fixed Exchange Rates (Chapter 19)

VI. The International Monetary System (Chapter 20)

Note: Econ. 542 students will be given additional reading assignments later.

Exams: 3 Hourly Exams - 20% each
         September 26th (Part I)
         October 24th (Parts II and III)
         November 21st (Part IV)

NO MAKE-UPS for missed exams. Pre-excused absences are possible for 1 hourly exam only. In these cases the Final counts 60% of total grade.

Final Exam - 40% The final is comprehensive and must be taken at the scheduled time, Friday, December 16th, 3:30 to 6:30 p.m.