

UNIVERSITY OF COLORADO – DEPARTMENT OF ECONOMICS

ECON 4423 INTERNATIONAL FINANCE – Spring 2022

Instructor: Martin Boileau

Class Time: T TH 14:00 to 15:15, ECON 119 (or online via zoom)

Office Hours: M and TH 11:30 to noon; by appointment (all via zoom)

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COURSE DESCRIPTION

This course reviews selected topics from both international finance and open-economy macroeconomics. From international finance, we will discuss international financial markets and their operations. From open-economy macroeconomics, we will discuss macroeconomic policies and their implications. Obviously, most of our time will be devoted to further our understanding of "exchange rates."

Here are some stylized facts:

1. Real and nominal exchange rates are highly correlated.
2. Changes in both real and nominal exchange rates are persistent.
3. Forward exchange rates are poor and biased predictors of future spot exchange rates.
4. International differences in interest rates are large and persistent.
5. Portfolios are not internationally diversified.
6. The extent of international consumption risk-sharing is less than expected.
7. Savings and investment are highly correlated.
8. The trade balance and the current account are countercyclical.
9. Business cycles are correlated across countries.

EVALUATION

The assessment for this class consists of assignments, tests, and a final examination.

1. *Assignments*: There will be 3 assignments. The assignments will require either numerical or graphical answers. The assignments will have to be scanned and uploaded to the course's Canvas page before midnight on the due date.
2. *Tests*: There will be 2 tests. The tests will be a mixture of multiple-choice questions and numerical or graphical questions (similar to assignment questions). The tests will have to be taken during class time at the announced date.
3. *Final*: There will be a final examination. The format and exact date of the final remains to be determined.

The schedule and grade distribution is

Evaluation	Due Date	Grade (%)
<i>Assignments</i>		15
1	February 14	5
2	March 28	5
3	April 28	5
<i>Tests</i>		50
1	February 17	25
2	March 31	25
<i>Final</i>	To be determined	35
<i>Total:</i>		100

Students who may need academic accommodations should discuss options with the professor no later than 25 January.

REQUIRED TEXT

Feenstra, R., and A. Taylor, *International Macroeconomics*

INTERMEDIATE MACRO TEXT

Jones, C., *Macroeconomics* or similar

ADVANCED TEXT

Obstfeld, M., and K. Rogoff (1996) *Foundations of International Macroeconomics*

COURSE OUTLINE

Part 1: Introduction to International Finance

1. Introduction

- Feenstra and Taylor: Chapter 1.

Part 2: Exchange Rates

2. The Foreign Exchange Market

- Feenstra and Taylor: Chapter 2.

3. The Monetary Approach in the Long Run

- Feenstra and Taylor: Chapter 3.

4. The Asset Approach in the Short Run

- Feenstra and Taylor: Chapter 4.

Part 3: The Balance of Payments

5. Income, Wealth, and the Balance of Payments

- Feenstra and Taylor: Chapter 5.
- Prereq: Jones Chapter 2.

6. Output, Exchange Rates, and Macroeconomic Policies in the Short Run

- Feenstra and Taylor: Chapter 7.
- Prereq: Jones Chapters 11 and 12.

7. The Gains from Financial Globalization

- Feenstra and Taylor: Chapter 6.
- Prereq: Jones Chapters 15 and 16.

Part 4: Policy Issues

8. Fixed versus Floating and Exchange Rate Crisis

- Feenstra and Taylor: Chapters 8 and 9.

CAMPUS SYLLABUS STATEMENTS

Classroom Behavior

Both students and faculty are responsible for maintaining an appropriate learning environment in all instructional settings, whether in person, remote or online. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, political affiliation or political philosophy. For more information, see the policies on [classroom behavior](#) and the [Student Conduct & Conflict Resolution policies](#).

Requirements for COVID-19

As a matter of public health and safety, all members of the CU Boulder community and all visitors to campus must follow university, department and building requirements and all public health orders in place to reduce the risk of spreading infectious disease. Students who fail to adhere to these requirements will be asked to leave class, and students who do not leave class when asked or who refuse to comply with these requirements will be referred to [Student Conduct and Conflict Resolution](#). For more information, see the policy on [classroom behavior](#) and the [Student Code of Conduct](#). If you require accommodation because a disability prevents you from fulfilling these safety measures, please follow the steps in the “Accommodation for Disabilities” statement on this syllabus.

CU Boulder currently requires masks in classrooms and laboratories regardless of vaccination status. This requirement is a precaution to supplement CU Boulder’s COVID-19 vaccine requirement. Exemptions include individuals who cannot medically tolerate a face covering, as well as those who are hearing-impaired or otherwise disabled or who are communicating with someone who is hearing-impaired or otherwise disabled and where the ability to see the mouth is essential to communication. If you qualify for a mask-related accommodation, please follow the steps in the “Accommodation for Disabilities” statement on this syllabus. In addition, vaccinated instructional faculty who are engaged in an indoor instructional activity and are separated by at least 6 feet from the nearest person are exempt from wearing masks if they so choose.

If you feel ill and think you might have COVID-19, if you have tested positive for COVID-19, or if you are unvaccinated or partially vaccinated and have been in close contact with someone who has COVID-19, you should stay home and follow the further guidance of the [Public Health Office](#) (contacttracing@colorado.edu). If you are fully vaccinated and have been in close contact with someone who has COVID-19, you do not need to stay home; rather, you should self-monitor for symptoms and follow the further guidance of the [Public Health Office](#) (contacttracing@colorado.edu).

Accommodation for Disabilities

If you qualify for accommodations because of a disability, please submit your accommodation letter from Disability Services to your faculty member in a timely manner so that your needs can be addressed. Disability Services determines accommodations based on documented disabilities in the academic environment. Information on requesting accommodations is located on the [Disability Services website](#). Contact Disability Services at 303-492-8671 or dsinfo@colorado.edu for further assistance. If you have a temporary medical condition, see [Temporary Medical Conditions](#) on the Disability Services website.

Preferred Student Names and Pronouns

CU Boulder recognizes that students' legal information doesn't always align with how they identify. Students may update their preferred names and pronouns via the student portal; those preferred names and pronouns are listed on instructors' class rosters. In the absence of such updates, the name that appears on the class roster is the student's legal name.

Honor Code

All students enrolled in a University of Colorado Boulder course are responsible for knowing and adhering to the Honor Code academic integrity policy. Violations of the Honor Code may include, but are not limited to: plagiarism, cheating, fabrication, lying, bribery, threat, unauthorized access to academic materials, clicker fraud, submitting the same or similar work in more than one course without permission from all course instructors involved, and aiding academic dishonesty. All incidents of academic misconduct will be reported to the Honor Code (honor@colorado.edu; 303-492-5550). Students found responsible for violating the academic integrity policy will be subject to nonacademic sanctions from the Honor Code as well as academic sanctions from the faculty member. Additional information regarding the Honor Code academic integrity policy can be found on the [Honor Code website](#).

Sexual Misconduct, Discrimination, Harassment and/or Related Retaliation

CU Boulder is committed to fostering an inclusive and welcoming learning, working, and living environment. The university will not tolerate acts of sexual misconduct (harassment, exploitation, and assault), intimate partner violence (dating or domestic violence), stalking, or protected-class discrimination or harassment by or against members of our community. Individuals who believe they have been subject to misconduct or retaliatory actions for reporting a concern should contact the Office of Institutional Equity and Compliance (OIEC) at 303-492-2127 or email cureport@colorado.edu. Information about university policies, [reporting options](#), and the support resources can be found on the [OIEC website](#).

Please know that faculty and graduate instructors have a responsibility to inform OIEC when they are made aware of incidents of sexual misconduct, dating and domestic violence, stalking, discrimination, harassment and/or related retaliation, to ensure that individuals impacted receive information about their rights, support resources, and reporting options. To learn more about reporting and support options for a variety of concerns, visit [Don't Ignore It](#).

Religious Holidays

Campus policy regarding religious observances requires that faculty make every effort to deal reasonably and fairly with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance.

See the [campus policy regarding religious observances](#) for full details.