

UNIVERSITY OF GUELPH
College of Management and Economics
Department of Economics and Finance

ECON*3860: International Finance

Fall 2012

Chris McKenna: MACK 704, ext 53274

Email: cmckenna@uoguelph.ca

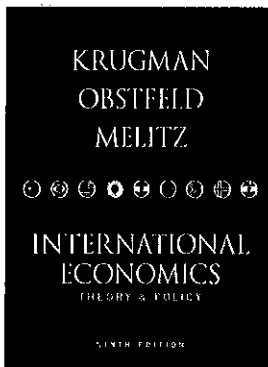
Class: T, Th, 1:00 – 2:20 pm, MINS 300

Office hours: T, Th, 2:30 – 4:00, or by appointment.

Course outline

Description: The course is concerned with the macroeconomic implications of international finance. This includes the determination of exchange rates and their effects on domestic macroeconomic policy with respect to national income, employment, inflation, monetary control and interest rates.

Main text: P. Krugman, M. Obstfeld and M. Melitz *International Economics*, 9th edition. Pearson [KO]



This book has a significant web support (*myeconlab*), access to which is included in the price of a new book. However, the course does not rely on the web component, so that students buying a used copy are not disadvantaged. (Students using used copies may purchase web access through the publisher's website, if they want.)

On-line resources: I will be posting all course material, including lecture PPTs, on Courselink.

Evaluation: One in-class **midterm** is scheduled for **Tuesday, October 23 (30%)**; an **essay (30%)** and a **final examination (40%)** scheduled for **Thursday, December 6, 19:00 – 21:00**, Location TBA. Further information about the essay will be given later. The essay will be a homework assignment and will be due about two weeks before the end of classes. In addition, there will be weekly, ungraded exercises to help you study and prepare for the midterm and final examinations.

Feedback: You will be asked to complete an evaluation of this course at some time during the last two weeks of the semester. The Department of Economics and Finance policy regarding the conduct and use of these evaluations will be found at:

<http://www.uoguelph.ca/economics/academics/courses/course-evaluation>

Student responsibilities: You should be aware of your responsibilities regarding University policies on academic misconduct, drop dates, email communication and course requirements. You are advised to visit:

<http://www.uoguelph.ca/economics/node/1115>

Course content

(Timing is approximate.)

Week 0 (First class meeting, 6 September): Course overview.

Week 1: Introduction. Key concepts and the Canadian context. KO Ch 1
Overview of the determinants of international trade. KO Chs 2 - 6.

Week 2: The balance of payments. KO Ch 13.

Week 3: Money, asset markets and exchange rates. KO Ch 14.

Week 4, 5, 6: Exchange rates in the long-run and the short-run. KO Chs 15 - 17.

Week 7 & 8: Exchange rate policy? KO Ch18.

Week 9 & 10: Macroeconomic policy under floating exchange rates. KO Ch 19.

Week 11: Optimal currency areas. KO Ch 20.

Week 12: Global capital markets. KO Ch 21.