

FINANCE 613

Macroeconomics and the Global Economic Environment

Fall 2014

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DESCRIPTION

Finance 613 is a course in intermediate macroeconomic analysis and policy in the context of globally integrated economies.

Its purpose is to train students to think systematically about the current state of the economy and macroeconomic policy, and to be able to evaluate the economic environment within which business and financial decisions are made. The course emphasizes the use of economic theory to understand the workings of financial markets and the operation and impact of government policies. Specifically, we study the determinants of the level of national income, employment, investment, interest rates, the supply of money, inflation, exchange rates, and the formulation and operation of stabilization policies. The exact structure of the class and topic coverage will be linked to the current economic issues around the world.

MATERIALS AND INFORMATION

Canvas Site

The Canvas site will contain all lecture notes and other additional readings, useful links, and general course information. This is also a useful hub to start and participate in course-related discussions. The site is linked to <http://spike.wharton.upenn.edu/courses/>. If you need a Wharton account you can apply online at <http://accounts.wharton.upenn.edu>.

Textbook

There are several good textbooks covering the core theoretical concepts in macroeconomics at an intermediate level. The one I recommend, is *Macroeconomics*, 8th edition, by Abel, Bernanke and Croushore. Although this is an excellent text in macroeconomic theory, our classroom discussions and notes will cover more applied topics and are guided by current events around the world.

Additional Readings

The Wall Street Journal, the *Financial Times*, and the *Economist* are all world-class publications that offer many insightful discussions about the global economy. I will assume you either subscribe to one of them or follow an alternative news outlet of similar quality. I may add articles from these or other business newspapers and economic research centers around the world to the list of required readings during the term.

Problem Sets and Quizzes

There will be weekly quizzes. They can be accessed and submitted on Canvas. Due dates are also posted on Canvas.

Students are encouraged to work out the answers to the numerical problems at the end of each chapter of the recommended textbook and to go through the formal exercise of writing the answers. Recommended problems and their answers are available on Canvas.

GRADES

Composition

The final grade breakdown for this course is as follows:

- Quizzes 30%
- Case Discussions 20%
- Final Exam – Dec 16 at 3PM 50%

Attendance is not required but it is hard to participate without being present.

The final exam is comprehensive. You will be able to bring one double-sided sheet with notes and one calculator.

Scheduling Conflicts

This class is offered in the Spring Semester. Therefore if you have a conflict with the date for the Final Exam you should drop the class now. Any additional conflicts will be resolved according to the MBA Resource Guide. Specifically:

- If you find yourself with a conflict due to your career search or recruiting activity, you should *work with the MBA Career Management Office* to find a resolution.
- *You should never approach your instructors with requests to reschedule exams or to make special accommodations.*

Exam Review

Any requests for a review of an exam must be submitted in writing within 7 days from the date that exams are made available and must be accompanied by the *Statement of Honesty in Regrade Request* form posted on Canvas.

Office Hours

Office hours will be announced during the first week of classes. In addition, if you wish to meet with me please email at gomesj@wharton.upenn.edu to schedule an appointment. My office is Steinberg Hall-Dietrich Hall 2329.

TENTATIVE SCHEDULE

Date	Topic	Additional Readings
Aug 28	Background: World Economy Today	Ch. 1
Sep 2	Measuring Macroeconomic Performance: Income	Sec. 2.1-2.3
Sep 4	Measuring Macroeconomic Performance: Prices	Sec. 2.4
Sep 9	The Core Macroeconomic Model	Sec. 3.1; FRB/US Model
Sep 11	Household Consumption and Savings	Sec. 4.1, 4.A
Sep 16	Corporate Investment	Sec. 4.2, 2.5
Sep 18	Budget Deficits and Interest Rates	Sec. 15.1, 4.3
Sep 23	International Trade and Finance	Sec. 5.1
Sep 25	Sources of Trade Deficits	Sec. 5.2-5.5
Sep 30	Money and Inflation	Sec. 7.1-7.3, 7.5
Oct 2	Money and Financial Markets	Sec. 7.4
Oct 7	Discussion: Financial Market Valuation	
Oct 21	The Labor Market	Sec. 3.1-3.4
Oct 23	Labor Frictions and Unemployment	Sec. 3.5-3.6, 11.1
Oct 28	General Macroeconomic Equilibrium	Sec. 9.1-9.3
Oct 30	Understanding Business Cycles	Sec 8.1, 9.4-9.6
Nov 4	Monetary Policy and Institutions	Ch. 14
Nov 11	Macroeconomics in an Open Economy	Sec. 13.1-13.4
Nov 13	Discussion: Spain's Debt Crisis	Spain Case
Nov 18	Fixed Exchange Rates	Sec. 13.5
Nov 6	A Brief History of Economic Cycles	Sec. 8.2-8.3
Nov 20	Discussion: World Economic Outlook	IMF World Economic Outlook (Ch. 2)
Dec 2	Long Run Growth	Ch. 6
Dec 4	Discussion: The Fiscal Outlook	Sec 15.3, CBO Budget Outlook, IMF Fiscal Outlook