

UNIVERSITY OF COLORADO

Department of Economics

## **ECON4423: International Finance**

Outline Fall 2019

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Instructor: Martin Boileau  
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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 three assignments, two tests, and one final examination. The tests and final are closed notes and closed books. No make-up tests will be given. The schedule and grade distribution is

	Week	Date	Time	Location	%
Assignment 1	6	4 October	10:00	EDUC 155	5
Term Test 1	7	7 October	10:00	EDUC 155	25

## **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.

## **University Policies**

You should familiarize yourself with the following University of Colorado policies:

### **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 or injury, see Temporary Medical Conditions under the Students tab on the Disability Services website.

### **Classroom Behavior**

Students and faculty each have responsibility for maintaining an appropriate learning environment. 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. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of

## **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.