Winter Term - 3 ECTS
Elective Course
Prof. Fernando Broner

17I037
Exchange Rates and Monetary Policy

Prerequisites to Enroll
None

Overview and Objectives

This course provides the tools necessary to address these questions: How are real and nominal exchange rates determined? How is monetary policy conducted in advanced and emerging economies? When is a monetary union such as the Euro area optimal? Should emerging economies have fixed or flexible exchange rates? Why are some countries subject to hyperinflations and currency crises? We will cover some chapters from Obstfeld and Rogoff, “Foundations of International Macroeconomics,” MIT Press, 1996 (OR). Starred articles are mandatory reading.

Course Outline and Materials

I. Real Exchange Rates

* OR, chapter 4 (4.1, 4.2, 4.3)


II. Exchange Rates and Monetary Policy in Developed Countries

* OR, chapter 9


III. Exchange Rates and Monetary Policy in Emerging Markets

* OR, chapter 8 (8.1, 8.2, 8.4)


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Evaluation
Final Exam (90%) Problem Sets (10%)

Competences

X To possess and understand the knowledge that provides a basis or opportunity to be original in the development and / or application of ideas, often in a research context.

X That students know how to apply the acquired knowledge and their ability to solve problems in new or unfamiliar environments within broader (or multidisciplinary) contexts related to their field of study.

X That the students be able to communicate their conclusions and the knowledge and the ultimate reasons that sustain them to both, specialized and non-specialized publics in a clear and unambiguous way.

X That students possess the learning skills that allow them to continue studying in a way that will be largely self-directed or autonomous.

X To identify and apply the insights of the theory, the models, and the analytical tools of modern economy to its global dimension.

X Understand and apply the economics of international trade and finance and economic development

X To understand and apply the quantitative methods used to solve complex problems of the economy.

X To evaluate, with theoretical and quantitative instruments, the complex realities of the economy to understand the way it works.

Learning Outcomes

X Deep knowledge of the economics of international trade, finance and development.

X Applies economic concepts to economic pressure policy problems related to growth, economic stability and poverty.

X Analyze economic data rigorously.