Where to find readings:


2) Items denoted with **(WEB)** can be found in the "Readings from Web" section of Canvas.

3) Items denoted with **(LIB)** can be found in the "Readings from Library" section of Canvas.

4) The case study “Reducing Inflation in Argentina: Mission Impossible?”, a Columbia Business School case by Alvarez and Zeldes, is referred to as **(ARG)**.

5) Quizzes, Homeworks, Midterm Exam, and Final Exam can be found in the appropriate sections of Canvas. (The version of these for remote students is all found under the “Assignments” tab.)

The content for most weeks will be divided into two parts. For clarity, the readings and information for these two parts for each week is listed on a separate page of this syllabus.

The information contained in this document is confidential, privileged and only for the information of the intended recipient and may not be used, published or redistributed without the prior written consent of the Booth faculty member(s) teaching the course.
Week 1

Part 1: Overview / Course Outline and Administrative Briefing

Part 2: The Exchange Rate as an Asset Price

1. **KOM:** Chapter 14, "Exchange Rates and the Foreign Exchange Market: An Asset Approach."

2. **KOM:** Appendix to Chapter 14, “Forward Exchange Rates and Covered Interest Parity.”
Week 2

- Quiz 1

Part 1: UIP and Carry Trades in Practice

1. **LIB:** Bansal, Ravi and Dahlquist, Magnus, 2000. "The Forward Premium Puzzle: Different Tales from Developed and Emerging Economies," *Journal of International Economics.* (Note: You need only read to section 2.3.3 in the paper.)


Part 2: Long-run Determination of Exchange Rates

1. **KOM:** Chapter 16, "Price Levels and the Exchange Rate in the Long Run." (Note: You need only read up to page 435 in 10th Edition and page 443 in 11th Edition.)

2. **WEB:** Cavallo, Alberto, Neiman, Brent, and Roberto Rigobon, 2014a. “Product Introductions, Currency Unions, and the Real Exchange Rate.” *The Quarterly Journal of Economics.* (Note: You need only read through the end of page 9.)


Week 3

- Homework 1: Completed and submitted via Canvas before Week 3 class
- Quiz 2

Part 1: Exchange Rates and Exchange Rate Risk: The Manager's Perspective


Part 2: The Importance of Real Exchange Rates


Week 4

- Homework 2: Completed and submitted via Canvas before Week 4 class
- Homework 3: Make sure to read and plan attack, though not due until Week 8 class
- Quiz 3

Part 1: Intervention in Currency Markets

2. KOM: Chapter 18, "Fixed Exchange Rates and Foreign Exchange Intervention."
3. KOM: Chapter 19, "International Monetary Systems: An Historical Overview."

Part 2: Speculative Attacks and Financial Contagion


Part 3: Midterm Details and Review
Week 5

Part 1: Midterm Exam

Part 2 [Optional Material]: The IMF and World Bank, Then and Now
Week 6

Part 1: Exchange Rates and Macro: Theory

1. **KOM:** Chapter 17, “Output and the Exchange Rate in the Short Run.” (Note: You may skip pages 477-481 and the chapter appendices in the 10th Edition and you may skip pages 486-489 in the 11th Edition.)

Part 2: Exchange Rates and Macro: Applications


2. **ARG:** “Reducing Inflation in Argentina: Mission Impossible?”, a Columbia Business School case by Alvarez and Zeldes

Three to read in the following order:


Week 7

- Quiz 4

Part 1: Optimal Currency Areas

1. **KOM:** Chapter 21, "Optimum Currency Areas and the Euro."

2. **WEB:** Cavallo, Alberto, Neiman, Brent, and Roberto Rigobon, 2014a. “Product Introductions, Currency Unions, and the Real Exchange Rate.” *The Quarterly Journal of Economics.* (Note: Only need to read Section 3, you read sections 1-2 earlier.)


Part 2: The Euro Crisis


Week 8

- Homework 3: Completed and submitted via Canvas before Week 8 class
- Quiz 5

Part 1: The Current Account

1. **KOM:** Chapter 13, "National Income Accounting and the Balance of Payments."

Part 2: The U.S. Current Account Deficit and Sustainability


Week 9

Quiz 6

Material TBD