

# Syllabus

## International Finance

**Instructor:** Prof. Sihao Chen

**Lecture:** H6412, Monday & Tuesday

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### Course Description

This course is about international macroeconomics and international finance. It will help students understand the macroeconomic and financial linkages between countries.

Topics include

Module 1: exchange rate markets, EX determinants and RMB.

Module 2: National accounting, current account and China's current account

Module 3: macroeconomics and exchange rate , EX regime and currency crisis

Module 4: advanced topics: UIP/CIP deviations, sovereign debt default, capital controls, China's capital account liberization and RMB internationalization.

### Enrollment

**Prerequisite(s):** course(s) that must be taken prior to this course

Intermediate Microeconomics; Intermediate Macroeconomics

International Economics

### Readings

#### Required Texts

Aa Name	≡ Author	≡ Publisher	≡ Year
<u><a href="#">International Economics: Theory and Policy</a></u>	Paul R.Krugman Maurice Obstfeld Marc Melitz (Hereafter KOM)	清华大学出版社	2016
<u><a href="#">International Macroeconomics</a></u>	Robert Feenstra Alan Taylor (Hereafter FT)	中国人民大学出版社	2017
<u><a href="#">International Macroeconomics</a></u>	Stephanie Schmitt-Grohe Martin Uribe Michael Woodford (Hereafter SGUW)	Princeton University Press	2019

## Course Schedule

#### Schedule (Tentative)

Aa Name	≡ Topic	≡ Module	≡ Reference	≡ key words
<u><a href="#">Week 1</a></u>	Asset Approach to Ex.Rate    Introduction	Module 1	KOM Chapter 14, FT Chapter 1	Uncovered interest parity
<u><a href="#">Week 2</a></u>	Monetary Approach to Ex.Rate	Module 1	KOM Chapter 15	Fisher effect, short/long run policy

Aa Name	Topic	Module	Reference	key words
<u>Week 3</u>	Long run determinant of Ex. rate	Module 1	KOM Chapter 16	Purchasing power parity, real exchange rate
<u>Week 4</u>	Balance of Payments Case study and presentation	Module 1 Module 2	KOM Chapter 13, extra papers	current account
<u>Week 5</u>	Balance of Payments Case study and presentation	Module 2	SGUW, Chapter 1, extra papers	valuation effect, excess saving puzzle in China
<u>Week 6</u>	Case study and presentation Output and the Exchange Rate	Module 2 Module 3	KOM Chapter 17	IS-LM-BOP framework
<u>Week 7</u>	Output and the Exchange Rate	Module 3	KOM Chapter 18, FT chapter 9	Permanent/temporary policy analysis
<u>Week 8</u>	Ex. rate regime and policy coordination	Module 3	FT Chapter 8	Fixed exchange rate regime, CNY-CNH
<u>Week 9</u>	Case study and presentation Currency crisis	Module 3	FT Chapter 8	first generation and second generation of BOP crisis model
<u>Week 10</u>	History of Intl. monetary system	Module 3	KOM Chapter 19	Gold standard, Bretton wood system, Swan Diagram
<u>Week 11</u>	Case study and presentation UIP deviation I	Module 1 Module 4	SUW Chapter 2-3	irrational agent and learning behavior; risk premium; convenience yield
<u>Week 12</u>	CIP deviation and international spillover	Module 4	SUW Chapter 2-3	CIP deviation
<u>Week 13</u>	Intertemporal approach of current account	Module 4	SUW Chapter 2-3	precautionary saving theory
<u>Week 14</u>	Capital control analysis	Module 4	SUW Chapter 11	Peculiar externality
<u>Week 15</u>	Case study and presentation RMB exchange rate policy	Module 4	extra papers	the two-pillar policy
<u>Week 16</u>	Preparation for the Final exam			

#### Topics for case studies and presentation (Tentative)

# Number	Aa Name	Module
1	<u>Real Exchange Rate and the Evaluation of RMB value in long-run</u>	Module 1
2	<u>UIP deviation</u>	Module 1
3	<u>The current account surplus in China and global imbalance</u>	Module 2
4	<u>Tax haven and the national accounting</u>	Module 2
5	<u>The operation of CNY-CNH</u>	Module 3
6	<u>Peso crisis in Mexico and Argentina</u>	Module 3
7	<u>China's capital account liberalization</u>	Module 4
8	<u>RMB internationalization</u>	Module 4

## Grading

### Breakdown

Participation+quiz: 10%

Presentation: 15%

Homework: 30%

Final Exam: 45%

### Scale

A, A- probably TOP 30%

B+, B probably the rest

B-, C ?

### Assignment Submission

All essays and homeworks' due dates are listed on the Canvas.

### Late Assignments

**Late work will be deducted 10% per twenty-four hour period that elapses after the due date.** If foreseen or unforeseen circumstances prevent you from completing an assignment on time, you may request an extension. Extensions must be requested in advance of the due date. If the situation warrants an extension, we will determine a new due date for the essay based on your individual circumstances.

## Plagiarism

Presenting someone else's ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in our campus policies.