Topics in International Finance  
ECON G31.3001-08  
Vivian Z. Yue

Lecture: Mon 5:00-7:00pm in Room 555 at 110 Fifth Avenue  
Wed 5:30-7:30pm in Room 445 at 110 Fifth Avenue  
October 26-December 12  
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Goal of the course:  
To provide a thorough understanding of selected topics of current academic research in international finance. To teach interested students the tools for conducting research in this field. The typical target audience comprises students in their second year or later. A good understanding of the material covered in the first-year Ph.D. macro courses is critical. Basic knowledge of Open Economy Macroeconomics is useful.

Reference Books for the course:  

Requirements  
(1) Midterm exam, comprising 45% of grade. (2) A class presentation of a research paper on the syllabus without an asterisk, comprising 45% of grade. (3) Class participation, comprising 10% of grade.

The Midterm exam is tentatively scheduled for November 21 in class.  
Students are required to choose a paper to present by November 21. Papers are chosen on a first come first served basis. I will provide detailed information about how the class presentations should be prepared.
Topics and additional readings:

1. **Business Cycles in Emerging Economies: Empirics, Theory and Methodology**

Papers on Approximating Solution to Dynamic General Equilibrium Models

2. **Balance of Payment Crises and Currency Crises**
   A. Empirical facts

B. The Krugman Model (First-Generation Models)


C. Self-Fulfilling Expectation and Crises (Second-Generation Models)

Angeletos, George-Marios and Ivan Werning, 2005, “Crises and Prices: Information Aggregation, Multiplicity and Volatility,” Mimeo, MIT


D. Credit Frictions and Crises/Sudden Stops (Third Generation Models)


3. Sovereign Debt and Default


Empirical Facts
Chuhan, Puman and Federico Sturzenegger, 2003, "Default Episodes in the 1990s: What Have We Learned?" Manuscript, the World Bank and Universidad Torcuato Di Tella.

4. Foreign Exchange Rate Premium