

GEORGETOWN UNIVERSITY
SCHOOL OF FOREIGN SERVICE – QATAR

INTERNATIONAL FINANCE

ECON 244

SPRING 2010

Section 1: Sundays & Tuesdays, 09:40 - 10:55am, room B011

Section 2: Sundays & Tuesdays, 1:55 - 03:10pm, room B011

Professor Alexis Antoniadis

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GENERAL DESCRIPTION

International Finance is an essential course for anyone interested in understanding the behavior of global markets. Whether you plan to be a policy-maker, an economist or an individual investor, you will get the intuition and tools needed for understanding the dynamics behind the global financial system.

The course introduces you to the foreign exchange market. We discuss the determination of exchange rates and talk about the relation between exchange rates, interest rates, prices and output. By introducing simple models we can discuss the impact different policies and events have on exchange rates and the economy.

Using the intuition we built and the tools we developed, we then proceed to examine a range of interesting topics. In specific, we discuss the European Union, we explain the Asian Crisis, and finally we attempt to understand the current financial crisis.

REQUIRED TEXTBOOK

Krugman, P. and M. Obstfeld, "International Economics," 8th edition (KO)

OPTIONAL READINGS

A good source for current readings on international Finance is the *Financial Times*, the *Wall Street Journal*, and The Economist. I highly encourage you to choose one such paper/magazine and become a subscriber. The benefits will expand way beyond the scope of this course. Currently, the library has subscriptions both to the FT and the Economist. Other readings of interest will be posted on Blackboard.

EXAMS, PROBLEM SETS AND CLASS PARTICIPATION

The course has a midterm (30%) and a final (50%). There are 6 problem sets (20%) to be completed in groups. Each group can have up to 3 students. Class participation is essential. Grade weights are shown in parenthesis.

Depending upon students' performance, I may decide to add in-class unannounced quizzes. In such case, the quizzes will account for up to 10% of the total grade, and the weights of the midterm and final exams will be adjusted accordingly to reflect that.

TEACHING ASSISTANT

Crystal Oswald-Herold (oswald.herold@gmail.com) is the Teaching Assistant for the course. She will have office hours every week and in addition, she will hold some optional recitation sessions. She is located in the new SAO office in the classroom across from the Student Affairs Suite .

OPTIONAL RECITATIONS

Recitation sessions will take place on Wednesdays from 3:15pm to 5:15pm. An email will be sent out to you in the beginning of the week to let you know if there will be a recitation session during that week.

ATTENDANCE

Class attendance is MANDATORY. Missing classes will result in lack of understanding of the material and eventually, poor performance in class. To ensure that you will be attending class and perform well, I will take class attendance. Specifically, a sign-up sheet will be passed around the class at the beginning of each class. Students who fail to show up for class or arrive after I have collected the sign-up sheet will get an absence. You can have three absences in class without any

impact on your grade. However, every subsequent absence will bring your final grade down by one mark. For example, a student that has four absences and has a letter grade of B at the end of class will receive a B- for missing a class beyond the three allowed. NO EXCEPTIONS WILL BE MADE.

OFFICE HOURS

Professor: Sundays and Tuesdays from 12:00pm to 1:00pm or by appointment.

Teaching Assistant: Mondays from 3:15 to 5:15pm and Thursdays from 10:30am to 12:30pm

USEFUL LINKS

A) Newspapers

- a. Wall Street Journal www.wsj.com
- b. Financial Times www.ft.com
- c. Bloomberg www.bloomberg.com

B) Magazines

- a. The Economist www.economist.com
- b. Business Week www.businessweek.com

C) Central Banks

- a. Qatar Central Bank www.qcb.gov.qa
- b. Federal Reserve System www.federalreserve.gov
- c. FRB – New York www.newyorkfed.org
- d. European Central Bank www.ecb.int

TOPICS

Lecture 1 (Sunday, Jan 10 2009)

Introduction: Financial System

Lecture 2 (Tuesday, Jan 12 2009)

National Income Accounting and the Balance of Payment (1.5 lectures)

Lecture 3 (Sunday, Jan 17 2009)

Savings and Investments in an Open Economy (1.5 lectures)

Lecture 4 (Tuesday, Jan 19 2009)

Exchange Rates

Lecture 5 (Sunday, Jan 24 2009)

Exchange Rates Equilibrium

Lecture 6 (Tuesday, Jan 26 2009)

Money, Interest Rates and Exchange Rates

Lecture 7 (Sunday, Jan 31 2009)

Money, Interest Rates and Exchange Rates (Cont)

Lecture 8 (Tuesday, Feb 2 2009)

Money, Interest Rates and Exchange Rates Review: Temp/Permanent, Short-Run/Long-Run

Lecture 9 (Sunday, Feb 7 2009)

Price Level and the Exchange Rate in the Long Run

Lecture 10 (Tuesday, Feb 9 2009)

Midterm Review

Thursday, Feb 11, 2009

***** MIDTERM EXAM *****

Lecture 11 (Sunday, Feb 14 2009)

The Real Exchange Rate

NO CLASS (Tuesday, Feb 16 2009)

Lecture 12 (Sunday, Feb 21 2009)

Output and the Exchange Rate in the Short-Run

Lecture 13 (Tuesday, Feb 23 2009)

Output and the Exchange Rate in the Short-Run (Cont): Market Equilibrium

***** SPRING BREAK *****

Lecture 14 (Sunday, Mar 7 2009)

Fixed Exchange Rates

Topics: Dubai

Lecture 15 (Tuesday, Mar 9 2009)

Macroeconomic Policy and Coordination Under Floating Exchange Rates

Lecture 16 (Sunday, Mar 14 2009)

Topic: The World Bank and the International Monetary Fund

(Joined with Dr. Stoll's class)

Lecture 17 (Tuesday, Mar 16 2009)

Topic: Optimal Currency Areas and the European Experience

Lecture 18 (Sunday, Mar 21 2009)

Topic: Optimal Currency Areas and the European Experience (Cont)

The GCC Monetary Union

Lecture 19 (Tuesday, Mar 23 2009)

Topic: The GCC Monetary Union (Cont)

Lecture 20 (Sunday, Mar 28 2009)

Developing Countries: Growth, Crisis, and Reform

Lecture 21 (Tuesday, Mar 30 2009)

Topic: The East Asian Crisis

NO CLASS (Sunday, Apr 4 2009)

NO CLASS (Tuesday, Apr 6 2009)

Lecture 22 (Sunday, Apr 11 2009)

Topic: The East Asian Crisis (Cont)

Topic: The Russian Default in 1998

Lecture 23 (Sunday, Apr 11 2009)

* Special Lecture: Qatar Central Bank, Mr. Khalid Al-Khater

* Room and Time Change: Faculty Lounge, 4:30pm (To be confirmed)

Lecture 24 (Tuesday, Apr 13 2009)

Topic: Currency Crisis I

Topic: Qatar

Lecture 25 (Sunday, Apr 18 2009)

Topic: Currency Crisis II

Topic: Political and Country Risk

Lecture 26 (Tuesday, Apr 20 2009)

Final Review

***** FINAL EXAM *****