



**ECON2253 International Macroeconomics**

Semester 1, 2022-23

<b>GENERAL INFORMATION</b>	
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Course website: Available through HKU Portal e-learning	
<b>COURSE DESCRIPTION</b>	
This course studies the macroeconomic and financial linkages among countries. The main topics include balance of payment, foreign exchange market, international parity conditions, exchange rate models, and international monetary systems.	
Pre-requisite(s):	ECON1210 Introductory microeconomics and ECON1220 Introductory macroeconomics.
Co-requisite(s):	None
Mutually exclusive:	None
<b>COURSE OBJECTIVES</b>	
To learn open-economy macro models and concepts and to apply them to real world issues such as carry trade, exchange rate policy, balance of payment crises, and macroeconomic policies under various exchange rate systems.	
<b>FACULTY LEARNING GOALS (FLGs)</b>	
<b>FLG1:</b> Acquisition and internalization of knowledge of the programme discipline <b>FLG2:</b> Application and integration of knowledge <b>FLG3:</b> Inculcating professionalism <b>FLG4:</b> Developing global outlook <b>FLG5:</b> Mastering communication skills <b>FLG6:</b> Cultivating leadership	
<b>COURSE LEARNING OUTCOMES (CLOs)</b>	
Course Learning Outcomes	Aligned Faculty Learning Goals (FLGs)
CLO1: Describe the basic macroeconomic framework of the linkages between economies through international investment and trade.	FLG1 to 5
CLO2: Describe the operation of the foreign exchange market and exchange rate systems.	FLG1 to 5
CLO3: Use international parity conditions to explain national exchange rates, interest rates, and price levels.	FLG1 to 5
CLO4: Apply open-economy macroeconomic models to predict the effects of macroeconomic policies and prescribe policy responses to economic shocks.	FLG1 to 5
CLO5: Apply open-economy macroeconomic models to explain current international macroeconomic issues such as exchange rate policies and balance of payment crisis.	FLG1 to 5

<b>COURSE TEACHING AND LEARNING ACTIVITIES</b>			
<b>Course Teaching and Learning Activities</b>		<b>Expected Study Hours</b>	<b>Study Load (% of study)</b>
T&L1: Lectures		39	30
T&L2: Tutorial discussion		12	9
T&L3: Assignments		20	15
T&L4: Self study		59	45
Total		130	100
<b>ASSESSMENT METHODS</b>			
<b>Assessment Methods</b>	<b>Brief Description (Optional)</b>	<b>Weight</b>	<b>Aligned Course Learning Outcomes</b>
A1: Assignments		20%	FLG1 to 5
A2: Midterm exam		30%	FLG1 to 5
A3: Final exam		50%	FLG1 to 5
Total		100%	
<b>STANDARDS FOR ASSESSMENT</b>			
<b>Course Grade Descriptors</b>			
A+, A, A-	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis.		
B+, B, B-	Strong evidence of the ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate, and synthesis.		
C+, C, C-	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning such as describe and apply but not at high levels of learning such as evaluate and synthesis		
D+, D	Evidence of basic familiarity with the subject.		
F	Little evidence of basic familiarity with the subject.		
<b>Assessment Rubrics for Each Assessment:</b> Same as in course grade descriptors.			

## REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS

### 1. Required textbook:

*International Macroeconomics (IM)*, 5<sup>th</sup> ed., Feenstra & Taylor (MacMillan 2021).

- It is your responsibility to acquire the 5<sup>th</sup> edition. The instructor and teaching assistant are prohibited from uploading end-of-the-chapter questions in Moodle due to copyright regulations.
- Chapter 11 is accessible only online with purchase of the textbook.
- Two copies of this textbook (4<sup>th</sup> and 5<sup>th</sup> edition are put on three-hour reserve in the Main Library) The 4<sup>th</sup> edition is quite similar to the 5<sup>th</sup> edition. Editions older than the 4<sup>th</sup> are not recommended.

### 2. Reference books:

Selected sections are taken from the following two textbooks (on three-hour reserve in the Main Library):

*Exchange Rates and International Finance (ERIF)*, 6<sup>th</sup> ed., Copeland (Pearson 2015).

*International Finance: Theory and Policy (IF)*, 11<sup>st</sup> ed., Krugman, Obstfeld, and Melitz (Pearson 2018).

### 3. Supplementary readings:

Short articles from financial newspapers and magazines will be assigned.

## COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

Topic	Reading
1. Balance of payments and national income accounting in open economy	<i>IM</i> : Ch. 1, Ch. 5 (skip appendix to Ch.5)
2. Foreign exchange market: products, hedging, arbitrage, and speculation  International linkages of interest rates, exchange rates, and price levels (International parity conditions)	<i>IM</i> : Ch. 2, Section 2 of Ch.11
3. Long run monetary model of exchange rate Balassa Samuelson model	<i>IM</i> : Ch. 3, Section 1 of Ch.11
4. Short run exchange rate model Fixed exchange rate and FX intervention	<i>IM</i> : Ch. 4 <i>IF</i> : Ch. 7 (p.233 - 239)
5. Mundell Fleming model and macroeconomic policy under fixed and floating exchange rate regimes	<i>IM</i> : Ch. 7 (skip appendix 2)
6. Portfolio balance model and the role of the current account	<i>ERIF</i> : Ch.8
7. Choice of exchange rate regimes and optimal currency area International monetary systems	<i>IM</i> : Ch. 8, Ch.10 <i>IF</i> : Ch. 8 (p.261 – 300, 310 - 314)
8. Balance of payment and exchange rate crises	<i>IM</i> : Ch. 9

## MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE

- SETL around the end of the semester
- Others: Consultation hours

## COURSE POLICY

1. Weekly lecture material will be posted before class. Please download and bring it to class.
2. Weekly lecture video will be posted.
3. Tutorials will start in Week 3. Tutorial questions will be posted on Moodle one week in advance.
  - Tutorial will not be recorded.
  - You are expected to come to the tutorials *fully prepared*, i.e. you have already worked out the problem set before the tutorials. The tutorials are dedicated to working out problems and discussing concepts.
4. Midterm examination policy
  - (a) No supplementary midterm exam will be given. If you have a legitimate reason for missing the midterm, its weight will be added to the final exam. The only acceptable reason is sickness.
  - (b) If you cannot attend the midterm exam, you must inform the instructor or TA in person or via email, phone call or voice message **before** the exam starts. You must provide a medical certificate to verify that you have sought treatment **prior** to the exam and you are unfit to take it.
5. Classroom conduct: Be a considerate and mature person.

Please observe the following good practices:

  - Come to class and return from the break on time.
  - If you have to leave the class early, please inform the instructor beforehand and sit close to the exit.
  - Stay attentive and do not chat with your classmates.
  - Use of mobile phone for *any* purposes is strictly prohibited. Remember to turn it off.

### 6. Academic Conduct:

The University Regulations on academic dishonesty will be strictly enforced! Please check the University Statement on plagiarism on the web: <https://tl.hku.hk/plagiarism/>

Academic dishonesty is behavior in which a deliberately fraudulent misrepresentation is employed in an attempt to gain undeserved intellectual credit, either for oneself or for another. It includes, but is not necessarily limited to, the following types of cases:

- a. Plagiarism - The representation of someone else's ideas as if they are one's own. Where the arguments, data, designs, etc., of someone else are being used in a paper, report, oral presentation, or similar academic project, this fact must be made explicitly clear by citing the appropriate references. The references must fully indicate the extent to which any parts of the project are not one's own work. Paraphrasing of someone else's ideas is still using someone else's ideas, and must be **acknowledged**.
- b. Unauthorized Collaboration on Out-of-Class Projects - The representation of work as solely one's own when in fact it is the result of a joint effort. Where a candidate for a degree or other award uses the work of another person or persons without due acknowledgement:
  - (1) The relevant Board of Examiners may impose a penalty in relation to the seriousness of the offence;
  - (2) The relevant Board of Examiners may report the candidate to the Senate, where there is *prima facie* evidence of an intention to deceive and where sanctions beyond those in (1) might be invoked.

[Plagiarism will automatically result in zero score in the plagiarized work. Serious cases will be referred to the University Disciplinary Committee.](#)