



## 1. General Information

Course Subject	ECON
Course Number	2253
Course Title	International Macroeconomics
Academic Years	2024-2025
Grading Method	Letter

## 2. Instructors

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Subclasses: 2A

## 4. Course Description

Course Description	This course studies how trade and financial linkages with the rest of the world affect the performance of an open economy's macroeconomic variables, such as interest rates, exchange rate, GDP, the price level. The main topics include balance of payments, foreign exchange market, international linkages of interest rates and price level, exchange rate models, international monetary systems, and exchange rate crises.
Prerequisites	ECON1210: Introductory Microeconomics, and ECON1220: Introductory Macroeconomics
Free Elective	Yes

## 5. Course Objectives

1. 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.

## 6. Faculty Learning Goals

Goal 1: Acquisition and internalization of knowledge of the programme discipline

Goal 2: Application and integration of knowledge

Goal 3: Inculcating professionalism

Goal 4: Developing global outlook

Goal 5: Mastering communication skills

Goal 6: Cultivating leadership

7. Course Learning Outcomes						
Course Teaching and Learning Activities	Aligned Faculty Learning Goals					
	1	2	3	4	5	6
CLO1. Describe the basic macroeconomic framework of the linkages between economies through international investment and trade.	✓	✓	✓	✓	✓	
CLO2. Describe the operation of the foreign exchange market and exchange rate systems.	✓	✓	✓	✓	✓	
CLO3. Use international parity conditions to explain national exchange rates, interest rates, and price levels.	✓	✓	✓	✓	✓	
CLO4. Apply open-economy macroeconomic models to predict the effects of macroeconomic policies and prescribe policy responses to economic shocks.	✓	✓	✓	✓	✓	
CLO5. Apply open-economy macroeconomic models to explain current international macroeconomic issues such as exchange rate policies and balance of payment crisis.	✓	✓	✓	✓	✓	

8. Course Teaching and Learning Activities		
Course Teaching and Learning Activities #	Expected Study Hours	Study Load (% of study)
T&L1. Lectures	36	27.7
T&L2. Tutorial discussion	12	9.2
T&L3. Assignments	22	16.9
T&L4. Self study	60	46.2
	Total: 130	Total: 100

9. Assessment Methods			
Assessment Methods	Description	Weight %	Aligned Course Learning Outcomes
A1. Assignments		15%	1,2,3,4,5
A2. Midterm exam		35%	1,2,3,4,5
A3. Final Exam		50%	1,2,3,4,5

Assessment Rubrics	
A1. Assignments	
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.

Assessment Rubrics	
D+,D	Evidence of basic familiarity with the subject.
F	Little evidence of basic familiarity with the subject.
A2. Midterm exam	
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.
A3. Final Exam	
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.

10. Course Grade Descriptors	
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.

11. Course Content and Tentative Teaching Schedule		
Topic/ Session	Content	Readings
1	Balance of payments and national income accounting in open economy	IM: Ch. 5 (skip the appendix)
2	Foreign exchange market and operation of fixed exchange rate regime	IM: Ch.2 BIS triannual FX market survey

## 11. Course Content and Tentative Teaching Schedule

3	International linkages of interest rates, exchange rates	IM: Ch. 2 IM: Ch.9 (p.333 – 335) WTP: Ch.28 (section 28.1, 28.2)
4	Long run exchange rate models: <ul style="list-style-type: none"> <li>• Purchasing power parity</li> <li>• Monetary model</li> <li>• Tradable-nontradable goods models</li> </ul>	IM: Ch. 3 WTP: Ch.19 (section 19.1, 19.2)
5	Short run asset approach model under floating/fixed exchange rate  Effectiveness of central bank intervention	IM: Ch. 4  WTP: Ch.28 (section 28.3)
6	Income, trade balance and macroeconomic policies in a Keynesian open macro model	WTP: Ch. 17, 18
7	Mundell Fleming model and macroeconomic policies under fixed and floating exchange rate regimes	IM:Ch. 7 (skip appendix 2) WTP: Ch.22 and 23 [selected materials will be covered to supplement Ch.7 of IM.]
8	International monetary systems: Fixed versus floating	IM: Ch. 8
9	Exchange rate crisis models	IM: Ch. 9

## 12. Required/Recommended Readings & Online Materials

Reading	<p><b>Reference books:</b></p> <p><b>World Trade and Payments: An Introduction (WTP)</b>, 10th edition, Caves, Frankel, Jones (Pearson 2007).</p> <p>This textbook can be downloaded free of charge from Professor Jeffrey Frankel's website:  <a href="https://scholar.harvard.edu/frankel/world-trade-payments-text-10th-ed">https://scholar.harvard.edu/frankel/world-trade-payments-text-10th-ed</a>  Selected sections from chapters 17 to 19, 22 to 23 to supplement the required textbook.</p> <p><b>Supplementary online materials:</b>  Online articles from other sources such as the Economist, IMF, and BIS will be assigned.</p>
Textbook	<p><b>Required textbook</b></p> <p><b>International Macroeconomics (IM)</b>, 5th edition, Feenstra &amp; Taylor (MacMillan 2021).</p> <ul style="list-style-type: none"> <li>• It is your responsibility to acquire the 5th edition. The instructor and teaching assistant are prohibited from uploading end-of-the-chapter questions in Moodle due to copyright regulations.</li> <li>• Two copies of this textbook (4th and 5th editions) are put on three-hour reserve in the Main Library. The 4th edition is quite similar to the 5th edition. Editions older than the 4th are not recommended.</li> </ul>

## 13. Means / Processes for Student feedback on Course

	Conducting mid-term survey in additional to SETL around the end of the semester
	Online response via Moodle site
✓	Others

### 13. Means / Processes for Student feedback on Course

SFTL around the end of the semester  
Consultation hours

### 14. Course Policy

1. Weekly lecture material will be posted before class. Please download and bring it to class.
2. Tutorials will start in Week 3. Tutorial questions will be posted on Moodle one week in advance. The TA will get in touch with you to schedule the time slots. 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.
3. 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.
4. Classroom etiquette: Be a considerate and mature person and 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 disturb other students.
  - Use of mobile phone for any purposes is strictly prohibited. Remember to turn it off.
5. 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.**