ECON 8872: International Finance
Syllabus

Time: MW 10:30 am

Course Outline

2 International Real Business Cycles

2.1 A Brief Intro to International Macro and Finance

Engel (2001), \Comment: The Six Major Puzzles in International Macroeconomics: Is There a Common Cause?", NBER Macro Annual

Obstfeld and Rogo (2001), \The Six Major Puzzles in International Macroeconomics: Is There a Common Cause?", NBER Macroeconomics Annual

Burnside, Han, Hirshleifer, and Wang (2013), \Investor Overcon dence and the Forward Premium Puzzle, REStud

Ilut (2012), \Ambiguity Aversion: Implications for the Uncovered Interest Rate Parity Puzzle", AEJ:Macro

3.5 Convenience Yields

Valchev (2017), \Bond Convenience Yields and Exchange Rate Dynamics", working paper

3.6 Evidence on the UIP Models

Lustig and Verdelhan (2007), \The Cross-Section of Foreign Currency Risk Premia and Consumption Growth Risk", AER

Burnside 2010, \The Cross-Section of Foreign Currency Risk Premia and Consumption Growth Risk: Comment", AER

Burnside (2011), \Carry TCarry TCarry Tr9wth Verde[( )], AER

Meese and Rogo (1991), \An Empirical Assessment of Non-Linearities in Models of Exchange Rate Determination", REStud

Rossi (2013), \Exchange Rate Predictability", Handbook Chapter

Diebold and Mariano (1995), \Comparing Predictive Accuracy, JBES

Clark and West (2006), \Using out-of-sample mean squared prediction errors to test the martingale di erence hypothesis", Journal of Econometrics

Clark and West (2007), \Approximately normal tests for equal predictive accuracy in nested models", Journal of Econometrics

3.8 The Exchange Rate Determination Puzzle (Optional)

Engel and West (2005), \Exchange Rates and Fundamentals", JPE

Evans and Lyons (2002), \Order Flow and Exchange Rate Dynamics", JPE

Bacchetta and van Wincoop (2013), \On the Unstable Relationship Between Exchange Rates and Macoeconomic Fundamentals", JIE

Additional Readings:

Evans and Rime (2011), Micro Approaches to Foreign Exchange Determination, Working Paper (survey paper)

Berger, Chaboud, Chernenko, Howorka, and Wright (2005), \Order Flow and Exchange Rate Dynamics in Electronic Brokerage System Data", JIE

Irrarrazabal, Rime and Valchev (2015?), \A Structural Estimation of Disperesed Information Model of Exchange Rates and Order Flow: What are the main drivers?", draft (hopefully) coming soon

4 International Risk-Sharing

4.1 The Backus-Smith Puzzle

Backus and Smith (1993), \Consumption and Real Exchange Rates in Dynamic Economies with Non-Traded Goods", JIE

Corsetti, Dedola and Leduc (2008), \International Risk-Sharing and the Transmission of Productivity Shocks", REStud

Brandt, Cochrane, Santa-Clara, \International Risk-Sharing is Better than You Think, or Exchange Rates are too Smooth", JME

Burnside and Graveline (2012), \Exchange Rate Determination, Risk Sharing and the Asset Market View", Working Paper

van Nieuwerburgh and Veldkamp (2009), \Information Immobility and the Home Bias Puzzle", Journal of Finance

Pesenti and van Wincoop, \Can Nontradables Generate Substantial Home Bias?", JMCB

Heathcote and Perri, \The International Diversi cation Puzzle is Not as Bad as You Think",