



BEA 471

Macroeconomics

(Honours)

Semester 1, 2015

THIS UNIT IS BEING OFFERED IN
HOBART

Unit Coordinator/Lecturer:

Dr. Alexandre Dmitriev

Contents

Contact Details.....	2
Unit Description	3
Prior Knowledge &/or Skills OR Pre-Requisite Unit(s)	3
Enrolment in the Unit	3
Intended Learning Outcomes and Generic Graduate Attributes.....	4
Learning Expectations and Teaching Strategies/Approach	5
Occupational Health and Safety (OH&S)	5
Learning Resources	5
Student Feedback via eVALUate.....	6
Details of Teaching Arrangements.....	7
Assessment	7
Submission of Assessment Items.....	9
Review of Assessment and Results.....	10
Further Support and Assistance.....	11
Academic Misconduct and Plagiarism	11
Lecture/Workshop/Study Schedule.....	13

Contact Details

Unit coordinator/lecturer:	Dr. Alexandre Dmitriev
Campus:	Hobart
Email:	alexandre.dmitriev@utas.edu.au
Phone:	(03) 6226 7860
Fax:	(03) 6226 7587
Room number:	Commerce Building, level 4, Room 414
Consultation hours:	By appointment. Appointments are made by arrangement with the lecturer either during class or via email.

Unit Description

The objective of this unit is:

1. To introduce students to some of the most important recent developments in macroeconomics.
2. To demonstrate how macroeconomists use dynamic general equilibrium methods to obtain quantitative answers to some very intriguing questions.
3. To provide students with some standard tools and models required to deal with the modern macroeconomic literature.

The unit starts with a brief introduction to dynamic optimization and its application to the rational expectation models of intertemporal choice. The objective of this segment is to provide the students with the basic tools of dynamic programming under uncertainty. Upon completion the students will be expected to be able to derive and interpret the optimality conditions for a variety of macroeconomic models.

The second segment of the unit focuses on development of practical model solving skills. The students will learn how to use a dynamic stochastic general equilibrium models as a measurement device. In particular, they will learn how to parameterize the models, solve them numerically and analyse their empirical performance. Examples of applications include the neoclassical growth model, the real business cycle model, Lucas' tree model. Practical programming in MATLAB is an essential part of this segment.

The final segment deals with applications of the acquired tools to analysing a few major "puzzles" within asset pricing and business cycle literature. We will consider the "Equity Premium Puzzle" and some potential solutions to it. We will also examine the role of financial market imperfections in explaining international business cycles.

Prior Knowledge &/or Skills OR Pre-Requisite Unit(s)

Computing skills: Although no prior programming skills are expected, the students will be required to learn the fundamentals of MATLAB programming during the course.

Enrolment in the Unit

Unless there are exceptional circumstances, students should not enrol in this unit after the end of week two of semester, as the Tasmanian School of Business and Economics (TSBE) cannot guarantee that:

- any extra assistance will be provided by the teaching team in respect of work covered in the period prior to enrolment; and
- penalties will not be applied for late submission of any piece or pieces of assessment that were due during this period.

Intended Learning Outcomes and Generic Graduate Attributes

Intended Learning Outcomes		Assessment Methods	Graduate Attribute Outcomes
<i>In this unit you will learn:</i>	<i>In assessing this unit I will be looking at your ability to:</i>		
(LO1) to apply dynamic programming techniques to analyse macroeconomic models	<ul style="list-style-type: none"> Formulate dynamic general equilibrium models and define their equilibria. Derive optimality conditions implied by the models. Describe the role of assumptions imposed on the elements of the model. 	Assignments 1-5 Mid-Semester Exam Final Examination	<p>The assessments and teaching activities in this unit have been designed to develop the following graduate attributes in students:</p> <p><u>Knowledge:</u> Extensive functional knowledge of finance and economics and the ability to transfer this knowledge to complex economic/finance issues and transmit this knowledge to professional peers for critical discussion.</p>
(LO2) to numerically solve stochastic dynamic general equilibrium model	<ul style="list-style-type: none"> Describe computational approach to solving the model; Write computer codes that implement numerical solution algorithms 	Assignments 2-5	<p><u>Communication:</u> Oratory and thinking skills that enable participation in critical economic and finance discussions and the ability to defend a position. Enhance your written communication and presentation skills to clearly articulate evaluations and the implications of utilizing economic and finance theories and analysis, in a manner appropriate to audience needs.</p>
(LO3) to analyse quantitative performance of several business cycle and asset pricing models	<ul style="list-style-type: none"> Describe the setup of the model and the role of the underlying assumptions; Derive the model's optimality conditions and interpret them; To calibrate the model's parameters; Describe the numerical approach to solving the model; Evaluate the role of the model's elements in propagation of stochastic disturbances. 	Assignments 2-5 Final Examination	<p><u>Problem-solving:</u> The ability to apply and critically evaluate economic and finance theories. The ability to locate, analyse, evaluate and effectively use information from and in a range of mediums and formats.</p> <p><u>Global perspective:</u> The ability to use economic and finance knowledge and theories to evaluate decision making in the global economic and finance environment, in face of ever increasing importance of financial and economic globalization.</p>
(LO4) to communicate your modelling approach, solution technique and research findings.	<ul style="list-style-type: none"> Describe your derivations and results clearly and precisely; Efficiently use mathematical notation; Produce well-documented computer codes that can be replicated by other economists; 	Assignments 1-5 Mid-Semester Exam Final Examination	<p><u>Social Responsibility:</u> An awareness and consideration of the public interest in economics and finance practices, policy development and decision making. Insider trading.</p>

Learning Expectations and Teaching Strategies/Approach

The University is committed to a high standard of professional conduct in all activities, and holds its commitment and responsibilities to its students as being of paramount importance. Likewise, it holds expectations about the responsibilities students have as they pursue their studies within the special environment the University offers. The University's Code of Conduct for Teaching and Learning states:

Students are expected to participate actively and positively in the teaching/learning environment. They must attend classes when and as required, strive to maintain steady progress within the subject or unit framework, comply with workload expectations, and submit required work on time.

Occupational Health and Safety (OH&S)

The University is committed to providing a safe and secure teaching and learning environment. In addition to specific requirements of this unit you should refer to the University's policy at: <http://www.utas.edu.au/work-health-safety/>

Learning Resources

Prescribed Text

There is no required textbook for this unit. The unit will rely on journal articles as well as the lecture notes written by prominent macroeconomists such as Per Krussell (IIES, Stockholm U.), Steve Williamson (Washington University in St. Louis) and Dirk Krueger (U. of Pennsylvania):

- [PK] "Lecture Notes for Macroeconomics I" by Per Krussell
- [SW] "Notes on Macroeconomic Theory" by Steve Williamson
- [DK] "Quantitative Macroeconomics: An Introduction" - lecture notes by Dirk Krueger

Recommended Texts

Students may still find the following textbooks useful for some parts of the course:

- Ljungqvist, Lars and Thomas J. Sargent (2012). *Recursive Macroeconomic Theory*. 3rd Edition, MIT Press.
- Marimon, Ramon and Andrew Scott (1999). *Computational Methods for Study of Dynamic Economies*, Oxford University Press.

Journals and Periodicals

The list of journal articles most closely related to each of the unit's topics is available in the unit's schedule (pp. 13-14)

Useful Websites

- www.dynare.org (DYNARE – a free software platform for handling dynamic stochastic general equilibrium models)
- www.lyx.org (LYX – an open source scientific document processor)

My Learning Online (MyLO)

This unit is web supported, and access to the online MyLO unit is required. Log into MyLO at: <http://www.utas.edu.au/learning-teaching-online> and then select BEA 420 Macroeconomics from the list of units. For help using MyLO go to <http://www.utas.edu.au/learning-teaching-online/new-mylo/home>.

Technical requirements for MyLO

For help and information about setting up your own computer and web browser for MyLO, see: <http://uconnect.utas.edu.au/>

You can access the University network and MyLO via a laptop computer or other mobile device. See: <http://uconnect.utas.edu.au/uana.htm>

MyLO can be accessed in the Library computers and in computer labs. See: <http://www.utas.edu.au/it/computing-distributed-systems/computer-labs-facilities-and-locations>

For further technical information and help, contact the UTAS Service Desk on 6226 1818 or at <http://www.utas.edu.au/service-desk/>

MyLO Expectations

1. Students are expected to maintain the highest standards of conduct across all modes of communication, either with staff or with other students. Penalties may be imposed if the Unit Coordinator believes that, in any instance or mode of communication, your language or content is inappropriate or offensive. MyLO is a public forum. Due levels of respect, professionalism and high ethical standards are expected of students at all times.
2. Submission of assessment tasks via MyLO presumes that students have read, understood and abide by the requirements relating to academic conduct, and in particular, those requirements relating to plagiarism. All work submitted electronically is presumed to be "signed-off" by the student submitting as their own work. Any breach of this requirement will lead to student misconduct processes.
3. MyLO is an Internet service for teaching and learning provided by the University. It is expected that at least once a day students will check MyLO.

Student Feedback via eVALUate

At the conclusion of each unit students will be asked to provide online responses to a number of matters relating to the learning and teaching within that unit. All students are asked to respond honestly to these questions, as all information received is used to enhance the delivery of future offerings.

Changes to this Unit Based on Previous Student Feedback

- MATLAB programming tutorials will begin earlier in the course of the semester
- More detailed lecture notes will be made available

Details of Teaching Arrangements

Lectures/Workshops/Tutorials

There will be 13 three-hour weekly class sessions during the semester commencing in Week 9 (Friday, February 25th, 2015). The classes will begin at 2:00pm finishing at 5:00pm. All sessions will be held in Tutorial Room No. 9, Hytten Hall.

Lectures will cover the core examinable material in the unit. Most reading materials will be handed out prior to each lecture. About 30% of class time will be dedicated to solving exercises and practical programming.

Office Hours

All students are welcome to consult the lecturer by appointment. Students experiencing difficulty in the unit are urged to make use of this opportunity early in the semester.

Communication, Consultation and Appointments

Email Correspondence:

Students are also expected to check their UTAS email site on a regular basis (at least three times a week). Students submitting requests or queries to staff via email should provide very clearly their: *Family name; Preferred name; Student ID; Unit code (i.e. BFA103)* and allow teaching staff at least **two (2) business days** to reply. Staff are not required to respond to emails in which students do not directly identify themselves, which are threatening or offensive, and that come from external (non-UTAS) email accounts. Students are advised not to have their UTAS email forwarded to an external email service (such as Gmail or Hotmail). In the past there have been significant issues where this has occurred, resulting in UTAS being blacklisted by these email providers for a period of up to one month.

Assessment

Assessment Schedule

In order to pass this unit you must achieve an overall mark of at least 50 per cent of the total available marks. Details of each assessment item are outlined below.

Assessment Items	Due Date	Value/Weighting	Link to Learning Outcomes
Assignment 1	March 25 th	5%	LO1, LO4
Mid-Semester Exam	April 15 th	20%	LO1, LO4
Assignment 2	April 15 th	5%	LO1, LO2, LO3, LO4
Assignment 3	April 29 th	5%	LO1, LO2, LO3, LO4
Assignment 4	May 13 th	5%	LO1, LO2, LO3, LO4
Assignment 5	May 27 th	10%	LO1, LO2, LO3, LO4
Final Examination	Exam period	50%	LO1, LO3, LO4

Assessment Item 1 – Assignments 1-5

Task Description:	Each student will be required to solve both analytical and numerical problems in each assignment and submit the results, derivations and computer codes (whenever relevant).
Task Length	Students will be given two weeks to solve the problems in each assignment.
Assessment Criteria:	See the Table on page 4
Link to Unit's	LO1, LO4 (Assignment 1)
Learning Outcomes:	LO1, LO2, LO3, LO4 (Assignments 2-5)
Due Date:	Wednesday, March 25 th , 4pm (Assignment 1) Wednesday, April 15 th , 4pm (Assignment 2) Wednesday, April 29 th , 4pm (Assignment 3) Wednesday, May 13 th , 4pm (Assignment 4) Wednesday, May 27 th , 4pm (Assignment 5)
Value:	Each of the Assignments 1-4 contributes 5% to the final mark. Assignment 5 contributes 10% to the overall mark

Assessment Item 2 – Mid-Semester Exam

Task Description:	The student will be required to solve a number of analytical problems. The examinable material consists of the topics covered in Lectures 1-6.
Task Length	2 hours
Assessment Criteria:	See the Table on page 4
Link to Unit's	LO1, LO2, LO3, LO4
Learning Outcomes:	
Due Date:	April 15th
Value:	The final examination contributes 20% to the overall mark

Assessment Item 3 – Final Exam

Task Description:	The student will be required to solve a number of analytical problems. The examinable material consists of all the topics covered in Lectures 1-12.
Task Length	3 hours
Assessment Criteria:	See the Table on page 4
Link to Unit's	LO1, LO2, LO3, LO4
Learning Outcomes:	
Due Date:	University Examination Period: June 6 th -23 th 2015
Value:	The final examination contributes 50% to the overall mark

Your final examination for this unit will be held during the scheduled examination period as indicated by Student Administration in correspondence to you.

Examinations will normally be scheduled Monday to Saturday inclusive. Examinations may be held during the day or evening and students should consult the university information which will be made available towards the end of semester.

You are advised to make any necessary arrangements with employers now for time off during the examination period to sit this examination. Your participation at the scheduled time is not negotiable unless there are exceptional circumstances. **Note** that you will be expected to sit the examination at your recorded study centre. To find out more go to the Exams Office website: <http://www.utas.edu.au/exams/home> .

How Your Final Result Is Determined.

Your final mark for this unit is determined by your internal assessment (50%) and your examination mark (50%). In order to pass this unit your final total mark (i.e., the sum of internal and examination mark) must be 50% or higher. Final marks may be moderated.

Submission of Assessment Items

Lodging Assessment Items

Assignments must be submitted electronically through the relevant assignment drop box in MyLO. **All assessment items must be handed in by 4.00pm on the due date.** Where appropriate, unit coordinators may also request students submit a paper version of their assignments.

All assignments must have a *TSBE Assignment Cover Sheet*, which is available as a blank template from the TSBE website: [<http://www.utas.edu.au/business-and-economics/student-resources>]. All assignments must include your name, student ID number, tutorial day/time, and your tutor's name. ***If this information is missing the assignment will not be accepted and, therefore, will not be marked.***

Please remember that you are responsible for lodging your assessment items on or before the due date. We suggest you keep a copy. Even in 'perfect' systems, items sometimes go astray.

Late Assessment and Extension Policy

In this Policy

1. (a) 'day' or 'days' includes all calendar days, including weekends and public holidays;
(b) 'late' means after the due date and time; and
(c) 'assessment items' includes all internal non-examination based forms of assessment
2. This Policy applies to all students enrolled in Faculty of Business Units at whatever Campus or geographical location.
3. Students are expected to submit assessment items on or before the due date and time specified in the relevant Unit Outline. The onus is on the student to prove the date and time of submission.
4. Students who have a medical condition or special circumstances may apply for an extension. Requests for extensions should, where possible, be **made in writing** to the Unit Coordinator on or before the due date. Students will need to provide **independent supporting documentation** to substantiate their claims.

5. Late submission of assessment items will incur a penalty of 10% of the total marks possible for that piece of assessment for each day the assessment item is late unless an extension had been granted on or before the relevant due date.
6. Assessment items submitted more than five (5) days late will not be accepted.
7. Academic staff do NOT have the discretion to waive a late penalty, subject to clause 4 above.

Academic Referencing and Style Guide

In your written work you will need to support your ideas by referring to scholarly literature, works of art and/or inventions. It is important that you understand how to correctly refer to the work of others and maintain academic integrity.

Failure to appropriately acknowledge the ideas of others constitutes academic dishonesty (plagiarism), a matter considered by the University of Tasmania as a serious offence.

The appropriate referencing style for this unit is: the **Harvard style**. For information on presentation of assignments, including referencing styles: <http://utas.libguides.com/referencing>

Review of Assessment and Results

Review of Internal Assessment

It is expected that students will adhere to the following policy for a review of any piece of continuous/internal assessment. The term continuous/internal assessment includes any assessment task undertaken across the teaching phase of any unit (such as an assignment, a tutorial presentation, and online discussion, and the like), as well as any capstone assignment or take-home exam.

Within five (5) days of release of the assessment result a student may request a meeting with the assessor for the purpose of an **informal review** of the result (in accordance with Academic Assessment Rule No. 2 Clause 22 – www.utas.edu.au/university-council/university-governance/rules). During the meeting, the student should be prepared to discuss specifically the marks for the section(s) of the marking criteria they are disputing and why they consider their mark(s) is/are incorrect. The assessor will provide a response to the request for review within five (5) days of the meeting.

If the student is dissatisfied with the response they may request a **formal review** of assessment by the Head of School, with the request being lodged within five (5) days of the informal review being completed. A Review of Internal Assessment Form must be submitted with the formal review (http://www.studentcentre.utas.edu.au/examinations_and_results/forms_files/review_of_assessment.pdf).

Review of Final Exam/Result

In units with an **invigilated exam** students may request a review of their final exam result. You may request to see your exam script after results have been released by completing the Access to Exam Script Form, which is available from the TSBE Office, or at the following link – <http://www.utas.edu.au/business-and-economics/student-resources>. Your unit coordinator will then contact you by email within five (5) working days of receipt of this form to go through your exam script.

Should you require a review of your final result a formal request must be made only after completing the review of exam script process list above. To comply with UTAS policy, this request must be made within ten (10) days from the release of the final results (in accordance with Academic Assessment Rule No. 2 Clause 22 – www.utas.edu.au/university-council/university-governance/rules). You will need to complete an Application for Review of Assessment Form, which can be accessed from www.studentcentre.utas.edu/examinations_an_results/forms_files/review_of_assessment.pdf. Note that if you have passed the unit you will be required to pay \$50 for this review.

The TSBE reserves the right to refuse a student request to review final examination scripts should this process not be followed.

Further Support and Assistance

If you are experiencing difficulties with your studies or assessment items, have personal or life-planning issues, disability or illness which may affect your study then you are advised to raise these with your lecturer or tutor in the first instance.

If you do not feel comfortable contacting one of these people, or you have had discussions with them and are not satisfied, then you are encouraged to contact the Honours Coordinator.

There is also a range of University-wide support services available to students, including Student Centre Administration, Careers and Employment, Disability Services, International and Migrant Support, and Student Learning and Academic Support. Please refer to the Current Students website (available from www.utas.edu.au/students) for further information.

If you wish to pursue any matters further then a Student Advocate may be able to assist. Information about the advocates can be accessed from www.utas.edu.au/governance-legal/students-complaints.

The University also has formal policies, and you can find out details about these policies from the following link – www.utas.edu.au/governance-legal/student-complaints/how-to-resolve-a-student-complaint/self-help-checklist.

Academic Misconduct and Plagiarism

Academic misconduct includes cheating, plagiarism, allowing another student to copy work for an assignment or an examination, and any other conduct by which a student:

- (a) seeks to gain, for themselves or for any other person, any academic advantage or advancement to which they or that other person are not entitled; or
- (b) improperly disadvantages any other student.

Students engaging in any form of academic misconduct may be dealt with under the Ordinance of Student Discipline. This can include imposition of penalties that range from a deduction/cancellation of marks to exclusion from a unit or the University. Details of penalties that can be imposed are available in the Ordinance of Student Discipline – Part 3 Academic Misconduct, see <http://www.utas.edu.au/universitycouncil/legislation/>.

Plagiarism is a form of cheating. It is taking and using someone else's thoughts, writings or inventions and representing them as your own, for example:

- using an author's words without putting them in quotation marks and citing the source;
- using an author's ideas without proper acknowledgment and citation; or
- copying another student's work.
- using ones' own work from previously submitted assessment items if repeating a unit.

If you have any doubts about how to refer to the work of others in your assignments, please consult your lecturer or tutor for relevant referencing guidelines, and the academic integrity resources on the web at <http://www.academicintegrity.utas.edu.au/> The intentional copying of someone else's work as one's own is a serious offence punishable by penalties that may range from a fine or deduction/cancellation of marks and, in the most serious of cases, to exclusion from a unit, a course, or the University.

The University and any persons authorised by the University may submit your assessable works to a plagiarism checking service, to obtain a report on possible instances of plagiarism. Assessable works may also be included in a reference database. It is a condition of this arrangement that the original author's permission is required before a work within the database can be viewed.

For further information on this statement and general referencing guidelines, see <http://www.utas.edu.au/plagiarism/> or follow the link under 'Policy, Procedures and Feedback' on the Current Students homepage.

Lecture/Workshop/Study Schedule

Date	Lecture/Seminar	Assessment
Week 9 February 25 th	Lecture 1: Simple Representative Agent Models References: 1) SW lecture notes, Chapter 1	
Week 10 March 4 th	Lecture 2: Neoclassical Growth and Dynamic Programming References: 1) SW lecture notes, Chapter 3 2) Ljungqvist and Sargent(2012) Chapters 1, 3	
Week 11 March 11 th	Lecture 3: Competitive Equilibrium in Dynamic Models References: 1) PK lecture notes, Chapter 5 2) Ljungqvist and Sargent (2012) Chapter 8	Assignment 1 to be handed out
Week 12 March 18 st	Lecture 4: Optimization and Competitive Equilibrium under Uncertainty References: 1) PK lecture notes, Chapter 6 2) Ljungqvist and Sargent (2012) Chapter 8	
Week 13 March 25 th	Lecture 5: Real Business Cycle Models I: Calibrated Models References: 1) PK lecture notes, Chapter 11 2) Cooley, Thomas F. and Prescott, Edward C. "Economic Growth and Business Cycles". in Cooley, T. F. (ed.). <i>Frontiers of Business Cycle Research</i> . Princeton (N.J.): Princeton University Press, 1995. 3) Cooley, T., (1997) "Calibrated Models," <i>Oxford Review of Economic Policy</i> , vol. 13(3), pp. 55-69 4) Prescott, Edward C. (1986) "Theory Ahead of Business Cycle Measurement", Federal Reserve Bank of Minneapolis Quarterly Review, 10, pp. 9-22. 5) DK Lecture Notes	Assignment 1 due Assignment 2 to be handed out
Week 14 April 1 th	Lecture 6: A primer on MATLAB programming References: 1) Sigmon, Kermit (1992) "MATLAB Primer", Second Edition, Department of Mathematics, University of Florida. 2) Miranda M. J. and P. L. Fackler (2002) "Applied Computational Economics and Finance", Appendix B, MIT Press	
Mid-semester break: Thursday 2 – Wednesday 8 April inclusive		
Week 16 April 15 th	<u>Mid Semester Exam</u> (covering material from chapters, lectures and handouts during Weeks 9-14)	Mid-Semester Exam Assignment 2 due Assignment 3 to be handed out
Week 17 April 22 th	Lecture 7: Real Business Cycle Models II: Log-linearization and DYNARE References: 1) DK Lecture Notes 2) Uhlig, H. (1999) "A Toolkit for Analyzing Nonlinear Dynamic Stochastic Models Easily" in R. Marimon and A. Scott (Eds) <i>Computational Methods for Study of Dynamic Economies</i> , Ch. 3. Oxford Univ. Press.	

	<ol style="list-style-type: none"> 3) Collard, Fabrice (2009) "Stochastic simulations with Dynare. A practical guide", available at http://www.dynare.org/documentation-and-support/tutorial/guide.pdf 4) Stéphane Adjemian et al (2014), "Dynare: Reference Manual, Version 4.4.3", available at http://www.dynare.org/documentation-and-support/manual/ 	
Week 18 April 29 th	Lecture 8: Real Business Cycle Models III: Stochastic Simulation Methods References: <ol style="list-style-type: none"> 1) Marcet A. and G. Lorenzoni, (1999) "The Parameterized Expectation Approach: Some Practical Issues." in: R. Marimon and A. Scott, Editors, <i>Computational Methods for Study of Dynamic Economies</i>, Oxford University Press, New York, pp. 143–171. 2) Den Haan, Wouter J & Marcet, Albert, (1990) "Solving the Stochastic Growth Model by Parameterized Expectations", <i>Journal of Business & Economic Statistics</i>, Vol.8, 31-34. 	Assignment 3 due Assignment 4 to be handed out
Week 19 May 6 th	Lecture 9: A Primer on Asset Pricing I: The Lucas Tree Model References: <ol style="list-style-type: none"> 1) PK lecture notes, Chapter 9 2) Lucas, R. E. (1978) "Asset Prices in an Exchange Economy", <i>Econometrica</i> 46(6), 1429–45 	
Week 20 May 13 th	Lecture 10: A Primer on Asset Pricing II: Equity Premium Puzzle and Solutions References: <ol style="list-style-type: none"> 1) Kocherlakota, Narayana R. (1996) "The Equity Premium: It's Still a Puzzle," <i>Journal of Economic Literature</i>, vol. 34(1), 42-71. 2) Mehra, Rajnish (2003) "The Equity Premium: Why Is It a Puzzle?" <i>Financial Analysts Journal</i>, January/February 2003, 54-69. 3) Mehra, R. and E. Prescott (2008) "The Equity Premium: ABCs" in Merha, R. and E. Prescott (eds.) <i>Handbook of the Equity Risk Premium</i>. 	Assignment 4 due Assignment 5 to be handed out
Week 21 May 20 th	Lecture 11: International Business Cycle Models I: Puzzles and Solutions References: <ol style="list-style-type: none"> 1) Crucini, Mario (2006) "International Real Business Cycles." Vanderbilt Economics Working Paper No. 06-W17 2) Backus, D. K., Kehoe, P. J., and Kydland, F. E. (1992) "International Real Business Cycles." <i>Journal of Political Economy</i>, 100(4), pp. 745-75. 3) David Backus & Patrick J. Kehoe & Finn E. Kydland, (1993) "International Business Cycles: Theory and Evidence," NBER Working Papers 4493. 	
Week 22 May 27 th	Lecture 12: International Business Cycle Models II: Puzzles and Solutions References: <ol style="list-style-type: none"> 1) Boileau, M. & Normandin, M., (2008) "Closing international real business cycle models with restricted financial markets," <i>Journal of International Money and Finance</i>, vol. 27(5), 733-756. 2) Heathcote, J. & Perri, F., (2002) "Financial autarky and international business cycles," <i>Journal of Monetary Economics</i>, 49(3), 601-627. 3) Kehoe P. J. & F. Perri, (2002) "International Business Cycles with Endogenous Incomplete Markets," <i>Econometrica</i>, 70(3), pp. 907-928. 4) Kollmann, R., (1996) "Incomplete asset markets and the cross-country consumption correlation puzzle," <i>Journal of Economic Dynamics and Control</i>, vol. 20(5), 945-961. 	Assignment 5 due
Examination Period: 6 – 23 June 2015		