

Open Economy Macroeconomics

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Professor: John Rogers

These classes focus on applying empirical and theoretical techniques used in international economics and macroeconomics to current policy issues. The objectives are: (1) Develop facility with economic data, (2) Become knowledgeable about current issues in international economic policy, (3) Provide you with the training befitting a high-quality economics professional.

Class #1

1. Real-time Data Analysis / Data releases and revisions

- Readings:

- (1) Orphanides, A., "Monetary policy rules based on real-time data", *American Economic Review*, vol. 91, no. 4 (Sep. 2001), pp. 964-985.
- (2) Faust, J., Rogers, J. and J. Wright, "News and noise in G-7 GDP announcements", *Journal of Money, Credit, and Banking*, vol. 37, no. 3 (June 2005), pp. 403-419.
- (3) Faust, J., Rogers, J. and J. Wright, "Exchange rate forecasting: the errors we've really made", *Journal of International Economics*, vol. 60 (2003), pp. 35-59.
- (4) Croushore, D., "Frontiers of Real-Time Data Analysis", *Journal of Economic Literature*, vol. 49, no. 1 (March 2011), pp. 72-100.

2. High-Frequency Data

- Readings:

- (1) Andersen, T.G., Bollerslev, T., Diebold, F.X., and C. Vega, "Micro effects of macro announcements: real-time price discovery in foreign exchange," *American Economic Review*, vol. 93, no. 1 (March 2003), pp. 38-62.
- (2) Andersen, T.G., Bollerslev, T., Diebold, F.X., and C. Vega, "Real-time price discovery in global stock, bond and foreign exchange markets," *Journal of International Economics*, vol. 73, (2007) pp. 251-277.
- (3) Faust, J., Rogers, J., Wang, S., and Jonathan Wright, "The high-frequency response of exchange rates and interest rates to macroeconomic announcements," *Journal of Monetary Economics*, vol. 54, (2007), pp. 1051-1068.

Class #2

1. Sustainability

- Readings:

- (1) Hamilton, J.D., and M.A. Flavin, "On the limitations of government borrowing: an empirical framework," *American Economic Review*, vol. 76, no. 4 (September 1986), pp. 800-819.
- (2) Ahmed, S., and J. Rogers, "Government budget deficits and trade deficits: are present-value constraints satisfied in long-term data?," *Journal of Monetary Economics*, vol. 36, no. 2, (Nov 1995), pp. 351-374.
- (3) Bohn, H., "Are stationarity and cointegration restrictions really necessary for the intertemporal budget constraint?," *Journal of Monetary Economics*, vol. 54, (2007), pp. 1837-1847.
- (4) Engel, C. and J. Rogers, "The U.S. current account deficit and the expected share of world output," *Journal of Monetary Economics*, vol. 53, no. 5 (July 2006), pp. 1063-1093.

2. Crises and Unconventional Monetary Policy

- Readings:

- (1) Shambaugh, J., "The Euro's Three Crises," *Brookings Papers on Economic Activity* (Spring 2012).
http://www.brookings.edu/~media/Files/Programs/ES/BPEA/2012_spring_bpea_papers/2012_spring_BPEA_shambaugh.pdf
- (2) Wright, J., "What does Monetary Policy do to Long-Term Interest Rates at the Zero Lower Bound?" <http://www.econ2.jhu.edu/People/Wright/qe.pdf>
- (3) Foreign Experiences:
Japan <http://www.imf.org/external/pubs/ft/wp/2012/wp1202.pdf>
UK http://www.bis.org/publ/qtrpdf/r_qt1112h.pdf
<http://www.bankofengland.co.uk/publications/Documents/workingpapers/wp393.pdf>
<http://www.bankofengland.co.uk/publications/Documents/quarterlybulletin/qb110301.pdf>