



Berlin School of Economics Masterclass

Advances in Macro-Finance:

Credit Cycles, Asset Prices, and the Macroeconomy

Moritz Schularick

University of Bonn, Fellow of the Institute for New Economic Thinking

April 17, 14:00 - 17:30 Schwartz Room

April 18, 09:30 - 13:00 Ostrom Hall

Overview. This is a course for Ph.D. students with research interests in empirical macro-finance and aims to bring students to the research frontier in the field. The interaction between developments in financial markets and the macroeconomy is the unifying theme of the course. Applying insights from behavioral finance to macroeconomics, we will study how and why credit cycles and time variation in the price of risk in financial markets affect the macroeconomy and financial stability. We will also study how spillovers in financial markets transmit monetary policy across countries, and if leaning against the wind policies can tame boom and bust cycles in credit and asset markets.

Moritz Schularick is Professor of Economics at the University of Bonn, a Fellow of the Institute for New Economic Thinking, and a member of the Berlin-Brandenburg Academy of Sciences.

Lecture 1: **The Great Leveraging: debt, asset prices and the macroeconomy**

Lecture 2: **Financial instability: causes and consequences**

Lecture 3: **Inside the credit cycle: behavioral finance meets macro**

Lecture 4: **Monetary policy, financial cycles, and international spill-overs**

Introductory reading

Baron, M. and W. Xiong (2017), "Credit Expansion and Neglected Crash Risk," *Quarterly Journal of Economics*.

Bordalo, P., A. Shleifer and N. Gennaioli (2018), "Diagnostic Expectations and Credit Cycles," *Journal of Finance*.

Jordà, O, K. Knoll, D. Kuvshinov, M. Schularick and A. Taylor (2019), "The Rate of Return on Everything," *Quarterly Journal of Economics*.

Krishnamurthy, A. and T. Muir (2018), "How Credit Cycles Across a Financial Crisis", *Journal of Finance*.

Mian, A., A. Sufi and E. Verner (2017), "Household Debt and Business Cycles Worldwide", *Quarterly Journal of Economics*.

Muir, T. (2017), "Financial Crises and Risk Premia," *Quarterly Journal of Economics*.

Schularick, M. and A. Taylor (2012), "Credit Booms Gone Bust," *American Economic Review*.

If you want to join the masterclass, please register with Juliane Metzner (jmetzner@diw.de).