

# Macroeconomics – Module II, Fall 2014

## Peking University HSBC Business School

### General Information

**Instructor:** Jiao Shi

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**Office:** PHBS 650

**Office hours:** 5PM – 6PM Monday & 9AM – 10AM Thursday, or by appointment

**Office phone:** (0755)2603-2189

**Teaching Assistants:** Liu, Tong liutong1205@sz.pku.edu.cn

**TA's help sections:** TBA

**Class Time and Location:** 1:30PM – 3:20PM, Monday & Thursday @229 PHBS

### Course Description

**Outline:** This is a required class for students of the quantitative finance program. The purpose of the class is twofold. On the one hand, we study macroeconomic concepts and theories. On the other hand, we will apply these theories to understand macroeconomic events happening in China, as well as in the world. This course is designed to introduce students to the core concepts of macroeconomics and how to think critically about the economy. We will look at how to measure macroeconomic activity, the cost of living, and employment. We examine issues such as inflation, unemployment, and growth at different horizons. We will also discuss conducts of monetary and fiscal policies.

#### **Class Materials:**

Required text: “Macroeconomics” by Olivier Blanchard, fifth edition, 2013, Pearson Education and Tsinghua University Press

Lecture notes and supplemental readings will be provided to students throughout the semester

### Course Works and Grading

Final grade will be determined according to the following schedule.

<b>Component</b>	<b>Weight</b>
Midterm exam	25%
Final exam	35%
Class participation	10%
Homework assignments	30%
<b>Total</b>	<b>100%</b>

**Midterm and final exam:** The midterm exam will be in class on Monday, December 15<sup>th</sup>. The final exam is arranged to take place in one of the regular exam days after the end of the semester. The final exam will be cumulative, with an emphasis on material covered in the latter half of the semester.

**Homework:** There will be 4 - 5 homework assignments. Students are expected to complete these homework assignments independently.

**Participation:** Class attendance is expected. Students who miss class beyond reasonable frequency will automatically lose the class participation grade. In-class discussion and participation are strongly encouraged, and I reserve the right to make minor upward adjustments to your final grade using participation performance.

### **Class Schedule**

<i>Time*</i>	<i>Class Coverage</i>	<i>Textbook Chapter to Read</i>
Week 1	Course introduction Macroeconomics and macroeconomic variables	Chapter 1 Chapter 2: 2-1, 2-2, 2-3
Week 2	The economy in the short run: - Composition of GDP and demand for goods - Goods market and the IS curve	Chapter 3
Week 3	The economy in the short run: - Money, interest, and financial market - Determination of interest rate - Financial market and the LM curve	Chapter 4 Chapter 5
Week 4	The economy in the medium run - Unemployment and wage determination - AS-AD model	Chapter 6 Chapter 7
Week 5	The economy in the medium run - The Phillips Curve - Output, unemployment, and inflation	Chapter 8 Chapter 9
Week 6	The economy in the long run - Growth via capital accumulation - Technological progress and growth	Chapter 11 Chapter 12 Chapter 13
Week 7	Financial markets and expectations - Bond market and stock market - Bubbles and asset prices Open economy macroeconomics - Openness in goods market and assets market - The nominal and real exchange rate	Chapter 15 Chapter 18
Week 8	Open economy macroeconomics - Saving, investment, and current account - Output, interest rate, and exchange rate - Exchange rate regime and capital control	Chapter 19 Chapter 20 Chapter 21
Week 9	Macroeconomic policies - Monetary policy	Chapter 17: 17-1, 17-2 Chapter 25: 25-1, 25-2

\* Tentative and subject to change depending on the pace of class

**Academic Integrity:**

Each student must pursue his or her academic goals honestly and be personally accountable for all submitted work. Representing another person's work as your own is always wrong. Faculties are required to report any suspected instance of academic dishonesty to the PHBS Discipline Committee.