Goal of the course
To provide an understanding of selected topics of current academic research in the areas of international finance and international macroeconomics. To teach interested students the tools for conducting research in this field. The typical target audience comprises students in their second year or later.

Readings
Most papers assigned for this course are available on the web. For published papers, http://www.library.upenn.edu link to E-journals and then link to Economics or Finance, for most working papers www.google.com. If you have problems finding a paper, let us know.

Requirements
(1) Midterm and Final Exam C comprising together 60% of grade; (2) Critical analysis of a research paper given by oral presentation C comprising 40% of grade. For students falling between a letter grade, a third category may be relevant: (3) Course participation.

The Midterm exam is tentatively scheduled for February 20 in class C depending on the number of students, this may be scheduled outside class time or as a takehome. The Final exam is tentatively scheduled for April 22.

Student presentations
Students will be required to choose a paper that they wish to critique from a list that will be made available. Papers are chosen on a first come first served basis. We will provide detailed information about how this presentation should be prepared.

Auditors
Any students sitting in on the course who are not registered for a grade are required to provide an oral presentation of a paper, as are registered students. No students are allowed to "sit in" without providing evidence of doing the required work. Auditors are exempt from taking the exams, however.
TOPICS AND READINGS

Papers marked with a * will be covered in class by the professor.

1. Exchange Rates Basics

2. General Equilibrium Models of International Business Cycles and Exchange Rates

2.1. Basic model with complete markets

2.2. Incomplete markets, default and moral hazard
*Baxter, Marianne, 1995, International Trade and Business Cycles, see above


### 2.3. Multi-goods, nonseparabilities in utility and production


### 2.4. Sticky price models


### 2.5. Models with segmented asset markets


### 3. Foreign Exchange Risk Premium


http://bertha.gsia.cmu.edu/files/papers/fx.pdf


4.1. Diversification. Static/partial equilibrium

4.2. Empirical asset pricing

4.3. Dynamic/general equilibrium

5. Segmentation/ Limited Participation / Home country bias

5.1. Home bias/segmentation
5.2. Effect of segmentation

6. Asymmetric information/ Capital flows

7. Crises/Contagion
8. International Corporate Finance/ Investor Recognition of Corporate Multinationalism

a. Investor recognition of corporate multinationalism/acquisitions/corporate diversification

b. Exposure/hedging/investor recognition

c. Financing/dual listings/ADR programs

d. Investor protection/governance