B9311-13 Ph.D. Seminar in International Finance

Course Outline and Reading List

The course covers current research topics in international finance. An introduction to the subject at the MBA level and additional background information can be found in


which is available from the bookstore.

The readings marked with an (*) are required. All other readings are supplementary. PDF files of the required readings will be posted on the class web site.

The only requirement for the course is a paper, which will ideally lead to additional research in the area. Acceptable paper topics include a critical survey of two or three papers, the replication and extension of an empirical paper, or original theoretical or empirical research.

I am on campus most weekdays, so please stop by if you have a question. I am also usually free right after class. If you would like to schedule a formal appointment, please send me an e-mail.

January 25, Class 1: Foreign Exchange Markets and Interest Rate Parity

B&H Chapters 2-6


February 1, Class 2: Purchasing Power Parity, Real Exchange Rates, and Exchange Rate Pass-Through

B&H Chapters 8-9


**February 8, Class 3: Speculation and the Forward Market: The Unbiasedness Hypothesis and the Carry Trade**

B&H Chapter 7


**February 15, Class 4: Testing for Time Varying Risk Premiums**


Farhi, Emmanuel, and Xavier Gabaix, 2009, "Rare Disasters and Exchange Rates," manuscript NYU Stern School.


February 22 and 29, Classes 5 and 6: Theoretical Models of Currency Pricing


Iwata, Shigeru and Shu Wu, 2005, “What International Risks Are (Not) Shared by International Investors,” Journal of Money, Credit and Banking 37, 6, 1121-1141

References and further reading may be available for this article. To view references and further reading you must purchase this article.


**March 7 and 14 – No Class, MBA Exams and Spring Break**

**March 21, Class 7: Empirical Models of Exchange Rates and Long-Horizon Predictability**

B&H Chapter 10


Engel, Charles, Jian Wang, and Jason Wu, 2010 “Long-Horizon Forecasts of Asset Prices when the Discount Factor is Close to Unity,” manuscript, University of Wisconsin.


March 28, Class 8: Equity Risk Premiums and the International Cost of Capital

B&H Chapters 11-13


April 4, Class 9: International Diversification and Home Bias


Bartram, Söhnke M., John Griffin, and David Ng, 2010, “How Important Are Foreign Ownership Linkages for International Stock Returns,” manuscript Cornell University.


**April 11, Class 10: Emerging Markets**

B&H Chapter 14


April 18, Class 11: Models of Sovereign Risk


**April 25, Class 12: Other CAPMs**


**International Aspects of Financial Crises**


**Growth and Current Account Imbalances**


