


5 credits

30.0 h

Q1

Teacher(s)	Bodart Vincent ;
Language :	French
Place of the course	Louvain-la-Neuve
Main themes	The course is concerned with the study of the main economic factors and mechanisms that explain the determination of external current accounts, real and nominal exchange rate changes and international capital movements. The main topics of the course are : the adjustment process of the external current account, the determination of nominal and real exchange rates in the short-run and in the long-run, central bank interventions in the foreign exchange market, the impact of the exchange rate regime on macroeconomic fluctuations, and the mechanics of financial crises.
Aims	<p>At the end of the course, the student is supposed to be able to understand precisely the main concepts, arguments, and analyses presented during the class. He must be capable to use the theories presented during the course in order to analyze rigorously international monetary facts and events.</p> <p>-----</p> <p><i>The contribution of this Teaching Unit to the development and command of the skills and learning outcomes of the programme(s) can be accessed at the end of this sheet, in the section entitled "Programmes/courses offering this Teaching Unit".</i></p>
Evaluation methods	The formal evaluation is an <b>oral exam</b> . The duration of the examen is about 20 minutes. Each student will have to prepare two questions: one question on theory (syllabus + readings) and one question on a case study. Additional questions will be asked during the exam. The grade will depend on : (1) how well the student masters the concepts and economic mechanisms taught during the course and (ii) the capacity of the student to apply these concepts and mechanisms to analyse a case study.
Teaching methods	A syllabus is available. The syllabus is supplemented by a list of readings that will be discussed during the class.
Content	<p><b>Topics</b></p> <p>The course is concerned with the study of the main economic factors and mechanisms that explain the determination of external current accounts, real and nominal exchange rate changes and international capital movements. The main topics of the course are : the adjustment process of the external current account, the determination of nominal and real exchange rates in the short-run and in the long-run, central bank interventions in the foreign exchange market, the impact of the exchange rate regime on macroeconomic fluctuations, and the mechanics of financial crises.</p> <p><b>Content :</b></p> <p>Part 1. Definitions and concepts</p> <ul style="list-style-type: none"> <li>• Chapter 1. The balance of payments</li> <li>• Chapter 2. Exchange rates : definitions and measures</li> </ul> <p>Part 2. The determination of the balance of payments and exchange rates in a general equilibrium macroeconomic framework</p> <ul style="list-style-type: none"> <li>• Chapter 3. The model</li> <li>• Chapter 4. The case of flexible rates</li> <li>• Chapter 5. The case of fixed exchange rates</li> </ul> <p>Part 3. The adjustment process of the external current account</p> <ul style="list-style-type: none"> <li>• Chapter 6. The effects of devaluation : theoretical and empirical aspects</li> <li>• Chapter 7. The adjustment process of the external current account in a small open economy</li> </ul> <p>Part 4. The determination of exchange rates</p> <ul style="list-style-type: none"> <li>• Chapter 8. Purchasing power parity, nominal and real exchange rates</li> <li>• Chapter 9. Exchange rates, expectations, and financial markets : the overshooting phenomena</li> </ul> <p>Part 5. Special topics</p> <ul style="list-style-type: none"> <li>• Chapter 10. The mechanics of financial crises</li> <li>• Chapter 11. The economics of debt reduction</li> </ul>

Inline resources	Syllabus + slides + readings
Bibliography	• Syllabus "Relations monétaires internationales"
Other infos	Pre-requisite: Undergraduate macroeconomics
Faculty or entity in charge	ECON

<b>Programmes containing this learning unit (UE)</b>				
Program title	Acronym	Credits	Prerequisite	Aims
Master [120] in Economics: General	ECON2M	5		
Master [60] in Economics : General	ECON2M1	5		