

Syllabus  
HKUST Department of Economics  
Economics 5140  
Macroeconomic Analysis

**Course Description:** Macroeconomics is the study of national (or regional) economies in aggregate. In particular, we are concerned with the phenomenon of long-term growth, business cycles and unemployment, inflation and financial markets. This course will focus on both macroeconomic theory and the analysis of macroeconomic data. Marginal analysis and optimization are central elements of modern macroeconomic theory. This course will introduce simple models which will be solved using optimization. Macroeconomics is oriented toward explaining phenomena observed in aggregate and financial market data. The course will also introduce some quantitative method used by professional economists to analyze data.

**Learning Outcomes** This course is the principal basis of a M.Sc. learning outcome: “Graduates will be able to use theories and knowledge from macroeconomics to understand and explain economic and monetary policies, trade, and economic growth,” and “Graduates will grasp mathematical methods related to real analysis, static optimization, and dynamic optimization.” Note: No real analysis will be used in this course.

**Course Requirements** The grading will be based on 2 homework assignments and 2 exams. The exams will occur throughout the course and in the finals week. The dates are as yet advisory and will be updated throughout. Attendance will be taken throughout the class year.

Exam	Date	Grade
1	Thursday, October 16 <sup>th</sup> (advisory)	45%
2	Final	45%
<b>Empirical Assignments</b>		
	As assigned	10%

**Readings** The exams will be on the lectures delivered in class. Supplementary Text will be placed on reserve at the library.

- Sachs, J. and F. Larrain, [SL] “Macroeconomics in the Global Economy,”
- Sorenson & Whitta-Jacobsen [S&W-J] “Introducing Advanced Macroeconomics.”

Background

## Outline

### A. Introduction. Notes Ch 0,1

*Background Reading:* [SL, Chap 2]; [S&W-J, Chap 2].

### B. Production and Investment- Notes Ch.2-6.

*Background Reading:* [S&W-J, Chap 3.1], [SL, Chap 3.2, 5.1, 5.2, Ch. 5.4-5.5];

### C. Growth Theory. Notes – Notes Ch. 8-9

*Background Reading:* [SL, Ch. 18], [S&W-J, Chap 5, 9,10]

### D. New Keynesian Business Cycles – Notes Ch. 18-22

### E. Savings and Interest Rates – Notes. Ch. 10-14

*Background Reading:* [SL, Ch. 4], [S&W-J, Chap 16.1, 16.2]