**HKUST Department of Economics**
**Economics 4374: International Macroeconomics and Finance**
**Fall 2025**

Prerequisite(s)
*(ECON 3014 AND ECON 3024) OR (ECON 3113 AND ECON 3123)*

**Course website:** **https://canvas.ust.hk**

**Time and Venue:**
Tuesday and Thursday, 1:30-2:50 PM, LSK1033

**Tutorial**
T1: Thursday, 11:00-11:50 LSK1014

**Instructor:** David Cook
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**Course Description:** Exchange rates are the price at which the world's currencies trade. The balance of payments is a comprehensive record of a country's economic transactions with the rest of the world over a specific period, including trade in goods and services, capital transfers, and financial flows. This course offers an in-depth exploration of the macroeconomic determinants that shape these measures. We will connect foundational macroeconomic models with arbitrage models of exchange rates. This approach will allow us to connect economic fundamentals and policy decisions to outcomes in international markets. The course will examine flexible price models to study outcomes in the long-term and sticky price models to study outcomes at business cycle horizons.

**Learning Outcomes** The objective of the course will be to use the: 1) solid foundation in economic theory; and 2) mathematical and quantitative skills; that they have acquired in previous economics coursework to the analysis of the different tasks of central banking. Generally, the course will emphasize the pursuit of the following program-level academic and professional (AP) outcomes: AP4) Ability to apply economic concepts to explain real-world phenomena; AP5) Understanding of institutions and policies; and AP6) Potential to contribute to the development of Hong Kong as an international financial center.

Course Intended Learning Outcomes (Course ILOs)

Students will be able to achieve specific course level outcomes:

1. Demonstrate general knowledge about international macroeconomics and finance. Identify the main questions and issues in international macro and learn how to analyze them. (SILO #1 & #3)
2. Master models and theories in international macro and how they can be applied to the real world. (SILO #1 & #3)
3. Apply the concepts, principles, and models learned in this course to analyze issues and policies in international macroeconomics in the real world. (SILO #1 & #3)
4. Communicate effectively in oral and written English when analyzing economic issues. (SILO #1 & #3)
5. Analyze the consequence of an international macro shock or a policy change and provide policy suggestions to governments and international organizations. (SILO #1 & #3)

Business School Intended Learning Outcomes (SILO) available at http://undergrad.bm.ust.hk/academics/academic-programs/learning-outcomes

**Teaching Approach**

This course is primarily delivered through lectures and tutorials.

| Teaching and learning activities | Roles in the course | Course ILOs addressed |
|---|---|---|
| Lectures | Learn key concepts and models and their applications | 1,2,3,4,5 |
| Tutorials | Discuss questions related to lecture material | 1,2,3,4,5 |

Tutorial starts in the second week.

**Textbook and Materials:**
Course will refer to Robert C. Feenstra and Alan M. Taylor, "International Macroeconomics." Fifth Edition, MacMillan International.

Students will be provided additional materials for home learning. The course strongly recommends course attendance. Mature behavior is a course requirement. Engaging in behavior that disturbs the class will result in a reduction in the course grade.

**Assessment:**

| Assessment Activities | Weighting | Course ILOs assessed |
|---|---|---|
| 4 Homework Assignments | 20% | 1,2,3,4,5 |
| 1 midterm exam | 25% | 1,2,3,4,5 |
| 1 final exam | 50% | 1,2,3,4,5 |
| Course Participation | 5% | 1,2,3,4,5 |

Midterm is scheduled on Thursday, Oct. 23rd, 2025 during class time.

Students can fulfill the course participation component through answering in-class survey/quiz questions using the Canvas system. Link

**Academic Integrity**
Please read the information on academic integrity carefully and follow the instruction: Link and-academic-integrity. You should be familiar with Academic Honor Code and the content on Academic Integrity website.

**Course Outline**

1. Overview of Forex Market (Ch. 2. 1-4)
2. Money, Inflation and Exchange Rates in the Long Run (Ch. 3)
3. Real Exchange Rates and Growth (Ch. 11. 1)
4. Balance of Payments (Ch.5)
5. Interest Parity and Exchange Rates (Ch 2. 5, Ch. 4)
6. Business Cycles and Exchange Rates (Ch.7)
7. Fixed Exchange Rates (Ch.8)
8. International Economic Crisis (Ch.9)

**Grading Rubric:**

| Grades | Short Description | Elaboration on subject grading description |
|---|---|---|
| A | Excellent Performance | Students demonstrate a strong grasp of the course material and effective application of economic methods taught. They excel in problem sets, and perform exceptionally on exams. They exhibit exceptional analytical skills and critical thinking skills. Consistently contribute to class discussion. |
| B | Good Performance | Students demonstrate a solid understanding of course materials, proficient use of economic methods taught. They are competent in completing problem sets. They show commendable analytical skills and effective critical thinking. Regular participation in class discussion. |
| C | Satisfactory Performance | Students demonstrate an adequate understanding of course material, and can apply economic methods taught to familiar problems. They are able to complete problem sets in time. They display acceptable analytical skills and critical thinking in exams and participate in class discussion. |
| D | Marginal Pass | Students demonstrate basic understanding of course material, inconsistent use of economic methods taught, and marginal performance in problem sets. They show basic analytical skills and critical thinking in exams. Their participation in class discussions is inconsistent. |
| F | Fail | Students demonstrates insufficient understanding of the course material and lacks the necessary problem-solving skills. They display limited ability to think critically or analytically and exhibits minimal effort towards achieving learning goals. Their participation in class discussion is minimal. |