

EC933-G-AU – Course Introduction  
12 October 2005

# International Finance

Alexander Mihailov  
University of Essex

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# Lecturer

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- **education**

- BSc/Diploma, U of National and World Economy, Sofia, July 1991
- MSc, U of Lausanne, October 1998
- PhD, U of Lausanne, July 2004

- **experience**

- Bulgarian National Bank, Sofia, 1991 – 1996
- *St. Kliment Okhridski* U of Sofia, 1994 – 1997 (part time)
- U of Lausanne, 1998 – August 2003
- U of Essex, September 2003 – to date
- City U, London, September 2005 – to date (visiting lecturer)

- **website:** U of Essex Econ Dept + (link to) personal website

- e-mail: [mihailov@essex.ac.uk](mailto:mihailov@essex.ac.uk)
- research interests, working papers, publications
- teaching preferences, courses taught/assisted

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# Course organisation

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- **lectures:** Wednesday, 11:00 am – 12:50 pm, Room 1N1.4.1
- **readings**
  - essential
    - Obstfeld and Rogoff (1996) + companion website: treatise in *coherent* theory
    - Mark (2001) + companion website: more on empirics, with *compact* theory
  - supplementary
    - Gandolfo (2001): an *intellectual history* of open-economy macroeconomics
    - Sarno and Taylor (2002): the most recent update on *exchange-rate economics*
- **course website:** U of Essex online resources
  - lecture **handouts** and lecture **slides**
  - **term paper titles** and **example questions**
  - some **journals** , with links to their websites (for the ambitious)
  - links to other related **websites** (for the curious)

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# Why attend lectures?

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- **overall perspective:** lecturer will
  - order information, organise literature  $\Leftrightarrow$  **structure**
  - build up step by step, guide through stages  $\Leftrightarrow$  **signposting**
  - explain concepts/theories in simple(r) words  $\Leftrightarrow$  **reduction**
- **personal contact:** lecturer will
  - express own point of view
  - invite questions/opinions
- **social event:** common interest, equal coverage
- attendance **not substitute** for books and learning

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# Course overview

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1. Basic *Notions* of Open-Economy Macroeconomics
2. Macroeconomic Theories of BoP Adjustment: *Flow* Approaches
3. Macroeconomic Theories of BoP Adjustment: *Stock(-Flow)* Approaches
4. The Intertemporal Approach to the Current Account: Analytical Introduction of *Time*
5. Asset Markets and Risk Sharing: Analytical Introduction of *Uncertainty*
6. *Aggregate (Ad-Hoc)* Models of Exchange Rates
7. *Microfounded (Optimising)* Models of Exchange Rates under Flexible Prices
8. New Open-Economy Macroeconomics: Monetary Models of Exchange Rate *Dynamics*
9. New Open-Economy Macroeconomics: Explicitly *Stochastic* Monetary Models
10. Foreign Exchange Market Efficiency and Microstructure: Models with *Noise Traders*
11. Models of Balance of Payments / Currency Crisis and *Speculative Attack*
12. Optimal Currency Areas and International *Monetary Integration*