

61344 - Economics Exchange Rates and Monetary Integration

Syllabus Information

Academic year: 2023/24

Subject: 61344 - Economics Exchange Rates and Monetary Integration

Faculty / School: 109 - Facultad de Economía y Empresa

Degree: 525 - Master's in Economics

ECTS: 3.0

Year: 1

Semester: Second semester

Subject type: Optional

Module:

1. General information

Exchange rate economics is an area of international finance that is continually advancing and generating high interest among academics, policy makers and professionals. The main objective of this subject is to introduce students to academic research on exchange rates and monetary integration processes. A first objective is to analyse the determination of exchange rates from a theoretical point of view; a second objective is to know and apply the econometric techniques for contrasting exchange rate determination models. To this end, the student will be provided with the appropriate tools in terms of data analysis and computation.

These approaches and objectives are aligned with the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda (<https://www.un.org/sustainabledevelopment/es/>), specifically, the activities planned in the subject will contribute to the achievement of Goals 4, 8 and 11.

2. Learning results

Upon completion of the subject, the student will be able to:

- Understand the institutions affecting foreign exchange markets and monetary integration processes.
- Develop the main existing theories for the determination of the exchange rate.
- Apply the main quantitative techniques used to contrast the explanatory theories of the exchange rate.
- Carry out empirical work on their own in order to contrast the theories stated.
- Analyse data.
- Program their own analysis methods.
- Work in groups.
- Analyse and synthesize economic theories and facts.
- Acquire skills in the management of economic information both in oral and written communication.

3. Syllabus

Part I. An overview

Monetary and financial relations

Foreign exchange markets and exchange rates

Exchange rate regimes and exchange rate policy

Evolution of the international monetary system

The role of major currencies

Peripheral currencies and financial crises

European monetary union

Debt crisis in euro countries

Part II. Theoretical research on exchange rates

Efficiency in the exchange rate market: interest parity

Purchasing power parity and real exchange rate

Real exchange rate equilibrium

Macroeconomic fundamentals of the exchange rate

The microstructure of the exchange rate market

Part III. The empirical world

Introduction to programming

Contrasts of unit root and PPP and UIP real exchange rate Cointegration techniques panel data applications

Persistence measures

Fractional integration

Structural change

Non-linear models: TAR, STAR and MS

4. Academic activities

The activities and key dates of the subject will be communicated through the appropriate means at the beginning of the term. The dates will be set according to the academic calendar and the schedule established by the School of Economics and Business. As a guideline, activities will include:

- The first session will include a presentation of the subject and the objectives to be achieved.
- Theoretical, practical and theoretical-practical classes will amount to 2 hours per week until completing the 30 classroom hours.
- There will be complementary activities such as seminars, conferences and training workshops.

5. Assessment system

- The various tests for the continuous assessment will include the solving and presentation of problems and case studies, preparation and presentation of papers, commentary on readings as well as other interactive activities.
- The global test, held during the examination period of each of the two calls of the academic year, consists of a paper in which the skills acquired in the subject in data analysis, econometric techniques, theoretical assumptions and interpretation of results are applied.