Macro-finance
Fall 2014, 6 credits

Prof. Luisa Lambertini
Chair of International Finance (CFI)
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Web page for the course: http://moodle.epfl.ch/course/view.php?id=6261

Lectures: Wednesday 09:15 – 12:00
Room: BS 260
Exercises: Monday 15:15 – 17:00
Room: CO6
Enrolment key: macro15

Course Outline

Macroeconomics is the study of the aggregate behavior of market participants, i.e. consumers, firms, workers, governments, central banks, foreign investors. Decision making by investment bankers, product/sales managers, policy makers, or consumers must rely on the understanding of the main forces driving GDP, inflation, interest rates. The goal of this course is to provide a coherent and formal framework that can be used to understand macroeconomic events and policy decisions.

Grading Scheme

Problem sets 20%
Midterm Exam 35%
Final Exam 45%
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100%

Class Format

Lectures will take place on Wednesday, 9:15 to 12:00 in BS 260; exercises will take place on Monday, 15:15 to 17:00 in CO6. Exercise time will focus on working on the problem sets, doing exercises and going over some class material. Teaching assistants will not solve problem sets for students but just help them.
This is a 6-credit course, which is equivalent to 12 hours of work per week (including class and exercise time). You should not expect to complete your assignment during exercise time.

Teaching Assistants
There are two teaching assistants for this course:

- Corinne Dubois, corinne.dubois@epfl.ch
- Serhiy Stepanchuk, serhiy.stepanchuk@epfl.ch

**Problem Sets**

Problem sets will be given out on a Wednesday and need to be returned to me at the beginning of class the following Wednesday. The solution to the problem set will be posted on the class web page after class. Late problem sets are not accepted. Each student must turn in his/her problem set.

I strongly urge you to do the problem sets – they are the best way for you to learn the material and do well in the exams.

**Exams:** There will be no make-up exams unless a student has official university permission or medical certification.

- Midterm Exam: Wednesday October 22nd – in class
- Final Exam: Wednesday December 17th – in class

**Textbooks**

The required textbook for this course is

- *Foundations of International Macroeconomics* by Maurice Obstfeld and Kenneth Rogoff, MIT Press (OR henceforth)

We may also use of additional papers/chapters/material.

**Course material**

Some course material will be posted on the class web page after class. Notice that the course material is password restricted.

**Course Content**

1. National Income Accounting and the Business Cycle
2. A Simple Two-Period Model
   a. Endowment Model
   b. With Investment
   c. Determining the Equilibrium Interest Rate
   d. With incomplete markets
   e. With complete markets
3. The Optimal Growth Model
4. Consumption
5. Investment
6. Asset Pricing
7. Putting it all together: a general equilibrium model of a closed economy
8. Monetary Policy (time permitting)