

Seminar on Empirical International Monetary and Finance
Summer 2024 (M.Sc.)
Prof. Dr. Giang Nghiem

Objective

This seminar is designed for students who have an interest in conducting econometric analyses related to international monetary and finance. During this seminar, students will collaborate in groups (2-3 students per group) to conduct empirical research and jointly present their findings. However, each student is required to write an individual seminar paper based on their research.

Topics

In this seminar, students can select one of the following topics. Students are expected to replicate empirical analyses presented in the provided papers or conduct similar studies using different datasets.

1. Analysis of Optimum Currency Areas

- Theory: Mundell, R. A. (1961). A theory of optimum currency areas. *The American economic review*, 51(4), 657-665.
- Main paper: Frankel, J. A. and Rose, A. K. (1998). The endogeneity of the optimum currency area criteria. *The Economic Journal*, 108(449), 1009-1025.

2. Estimation of Taylor Rules

- Theory: Taylor, J.B. (1993): Discretion versus policy rules in practice, *Carnegie-Rochester Conference Series on Public Policy*, 39, 195-214.
- Main Paper: Gerlach, S. and Schnabel, G. (2000): The Taylor rule and interest rates in the EMU area, *Economics Letters*, 67, pp. 165-171.

3. Estimation of International Money Demand Functions

- Main Paper: Dreger, C. and Wolters, J. (2010): Investigating M3 money demand in the euro area, *Journal of International Money and Finance*, 29, 111-122.
- Cooley, T. F., and LeRoy, S. F. (1981). Identification and estimation of money demand. *The American Economic Review*, 71(5), 825-844.

4. Estimation of PPP and Balassa-Samuelson effect

- Theory: Balassa, B. (1964): The purchasing-power parity doctrine: A reappraisal, *Journal of Political Economy*, 72(6), 584-596.
- Theory: Samuelson, P. A. (1964): Theoretical notes on trade problems, *The Review of Economics and Statistics*, 46(2), 145-154.
- Main Paper: Frankel, J. (2006). On the yuan: The choice between adjustment under a fixed exchange rate and adjustment under a flexible rate. *CESifo Economic Studies*, 52(2), 246-275.

5. Tests for the Uncovered Interest Parity

- Main Paper: Alexius, A. (2001). Uncovered interest parity revisited. *Review of International Economics*, 9(3), 505-517.
- McCallum, B. T. (1994). A reconsideration of the uncovered interest parity relationship. *Journal of Monetary Economics*, 33(1), 105-132.
- Flood, R. P., and Rose, A. K. (2001). Uncovered interest parity in crisis: The interest rate defence in the 1990s. IMF Working Paper.

Seminar requirements and grading

The seminar is conducted exclusively in ENGLISH and entails three major requirements:

1. Students deliver a group presentation (30 minutes per group, followed up by 15-minute discussion), which summarizes the main findings of their empirical work, including an instructed discussion with the class [**30% of the final grade**].
2. Students are required to write and submit a seminar paper individually (max. 12 pages, font size 12 pt and line spacing 1.5, excluding tables, figures, and references) based on the basic literature provided, their own literature research and the empirical analysis of their group [**60% of the final grade**].
3. Students are required to attend all seminar presentations and to participate actively in presentation discussions, which includes having studied at least the compulsory literature in the syllabus before the seminar presentations [**10% of the final grade**].

Prerequisites

Students should have a foundational understanding of econometrics and proficiency in using statistical programs such as R or Stata. It is beneficial for students to be familiar with finding macroeconomics datasets and working with them independently.

Organization

Students have to sign up for this seminar during the registration period. Students who have received a slot in the seminar should send a list of 3 topics ranked by their preferences to office.scholl@uni-konstanz.de. The formation of student groups is based on your preferences. Topics are allocated based on your preferences and lottery if necessary.

The seminar timeline is:

- **April 17, 2024**, 15:15 - 18:30: Preparatory session and final topic assignment (block session, attendance required)
- **April 29, 2024**: Deadline for the submission of 1-page research proposals. Send your proposals via email.
- **June 5, 2024**: Deadline for the submission of presentation slides. Send your slides via email.
- **June 7 + 8, 2024** : Presentations (block session, attendance required)
- **July 5, 2024**: Deadline for the submission of seminar papers. Send your seminar paper as electronic file, including your code, programs, and data file, via email.