

# Main Topics for Final

- 1.) Real vs. Nominal Exchange Rates
- 2.) Purchasing Power Parity (PPP)
  - Absolute vs. Relative PPP
- 3.) The Balassa-Samuelson Model of Real Ex. Rates
- 4.) Uncovered Interest Parity
  - Covered vs. Uncovered Interest Parity
  - Real Interest Parity
- 5.) The Monetary Model of Ex. Rate Determination
  - "Excess Volatility" of Ex. Rates
- 6.) Fixed Ex. Rates + Central Bank Intervention
  - Hume's Price-Specie-Flow Mechanism
  - Sterilized Intervention
  - Risk Premia in the FX Market
- 7.) Currency Crises + Speculative Attacks
  - 1st Generation Models (Shadow Floating Ex. Rate)
  - 2nd Generation Models (Multiple Equilibria)
- 8.) Monetary Unions + Mundell's Optimum Curr. Area Criterion
- 9.) Dollarization + Currency Boards
- 10.) Global Imbalances + the Financial Crisis

## Main Readings for Final

1.) Lecture Slides

2.) Online Text (Chpts. 6, 7 + 10 (pgs. 157-162))

3.) Taylor + Taylor (JEP, 2004)

- "The Purchasing Power Parity Debate"

4.) Kasa (SF Fed, 1995)

- "Understanding Trends in Foreign Ex. Rates"

5.) Wang (Dallas Fed, 2008)

- "Why Are Ex. Rates So Difficult to Predict?"

6.) Obstfeld + Rogoff (conference draft, 2009)

- "Global Imbalances + the Financial Crisis"