

NORTHWESTERN UNIVERSITY  
460:2 International Macroeconomics  
Winter 2020 Part 2

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**COURSE OUTLINE**

1. *Exchange rates and Price Stickiness*

- a. Burstein, Ariel and Gita Gopinath, "[International Prices and Exchange Rates](#)", 2014. "Handbook of International Economics, 4th ed., 4:391-451. Elsevier, 4, 391-451.
- b. Auer, Ralph, Ariel Burtsein and Sara Levin, '[Exchange Rates and Prices: Evidence from the 2015 Swiss Franc Appreciation](#)', *American Economic Review*, Feb 2021.
- c. Burstein, Ariel, Eichenbaum, Martin and Sergio Rebelo, '[Large Devaluations and the Real Exchange Rate](#)', *Journal of Political Economy*, August, 2005, 113 (4), 742 -784.
- d. Ariel Burstein, Martin Eichenbaum and Sergio Rebelo, '[Modeling Exchange Rate Passthrough After Large Devaluations](#)', *Journal of Monetary Economics*, 54:2; March 2007, 346 – 368.

2. *Empirical Determinants of Exchange Rates*

- a. Engel, Charles and Steve Pak Yeung Wu, 'Liquidity and Exchange Rates, An Empirical Investigation', 2019.
- b. Oleg Ishoki, '[The Story of the Real Exchange Rate](#)', Dec. 2020, forthcoming *Annual Review of Economics*.
- c. Du, Wenxin, Tepper Alexander and Adrien Verdelhan, '[Deviations from Covered Interest Rate Parity](#)', *Journal of Finance*, June, 2018.

- d. Craig Burnside, Martin Eichenbaum and Sergio Rebelo, '[Carry Trade and Momentum in Currency Markets](#)', *Annual Review of Financial Economics* 3, 511-35.
- e. Craig Burnside, Isaac Kleshchelski, Martin Eichenbaum and Sergio Rebelo, "[Do Peso Problems Explain the Returns to the Carry Trade?](#)", *the Review of Financial Studies* 24(3), 2011, 853-91.
- f. Craig Burnside, Martin Eichenbaum and Sergio Rebelo, '[Understanding the Forward Premium Puzzle: A Microstructure Approach](#)', *American Economics Journal: Macroeconomics*, 1(2), 2009, 127-54.
- g. Martin Eichenbaum, Ben Johansen and Sergio Rebelo, '[Monetary Policy and the Predictability of Exchange Rates](#)', May, 2020, *Review of Economic Studies* ([link to replication material, code](#)).
- h. *Itshoki, Oleg and Dimtri Mukhin*, '[Exchange Rate Disconnect in General Equilibrium](#)', forthcoming, *Journal of Political Economy*.
- i. Andrew Lilley, Matteo Maggiori, Brent Neiman, Jesse Schreger (2020), '[Exchange Reconnect](#)', December, 2019.

### 3. Currency Mismatches

- a) Burnside, C., Eichenbaum, M. and S. Rebelo, '[Government Guarantees and Self-Fulfilling Currency Attacks](#)', *Journal of Economic Theory*, 119(1), 2004, 31-63
- b) *Burnside, C., Eichenbaum, M. and S. Rebelo*, '[Hedging and Financial Fragility in Fixed Exchange Rate Regimes](#)', *European Economic Review* (45)7 (2001) pp. 1151-1193.
- c) Maggiori, Matteo, Brent Neiman and Capital Allocation, '[International Currencies and Capital Allocation](#)', *Journal of Political Economy*, 2020.
- d) *Lawrence Christiano, Husnu Dalgic and Armen Nurbekyan*, '[Deposit Dollarization in Emerging Markets](#)', *manuscript*, 2020.