

NORTHWESTERN UNIVERSITY
460:2 International Macroeconomics
Winter 2022 Part 2

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COURSE OUTLINE

1. *Empirical Determinants of Exchange rates*
 - 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. Oleg Itskhoki, '[The Story of the Real Exchange Rate](#)', August 2021, *Annual Review of Economics*, Volume 13: 423-455.
 - d. Burstein, Ariel, Eichenbaum, Martin and Sergio Rebelo, '[Large Devaluations and the Real Exchange Rate](#)', *Journal of Political Economy*, August, 2005, 113 (4), 742 -784.
 - e. 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. *Interest Rates, UIP and Exchange Rates*
 - a. Du, Wenxin, Tepper Alexander and Adrien Verdelhan, '[Deviations from Covered Interest Rate Parity](#)', *Journal of Finance*, June, 2018.
 - b. Craig Burnside, Martin Eichenbaum and Sergio Rebelo, '[Carry Trade and Momentum in Currency Markets](#)', *Annual Review of Financial Economics* 3, 511-35.

- c. 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.
- d. Craig Burnside, Martin Eichenbaum and Sergio Rebelo, '[Understanding the Forward Premium Puzzle: A Microstructure Approach](#)', *American Economics Journal: Macroeconomics*, 1(2), 2009, 127-54.
- e. Tarek Hassan and of Tony Zhang, 'The Economics of Currency Risk', August 2021, *Annual Review of Economics*, Volume 13, 281-307

2. GE Models of Exchange Rate Determinants

- a. 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](#)).
- b. Itshoki, Oleg and Dimtri Mukhin, '[Exchange Rate Disconnect in General Equilibrium](#)', forthcoming, *Journal of Political Economy*.

4. 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.