1 Course Description

The course covers selected topics of current research in international finance, designed for Ph.D. students in their second year or later. The focus is on empirical work, and on tools for conducting research in this field. Topics include: nominal and real exchange rate dynamics, foreign-exchange market efficiency, the microstructure of the foreign exchange markets, international finance and trade, as well as international financial integration and portfolio choice.

2 Grading

30% Homework
20% Concise referee report (2 pages, max. 4 pages) and 20-minute in-class discussion of a research paper
50% Research proposal (draft due November 17th, final proposal due December 8th, 2011)

3 Referee Report and In-Class Discussion

All course participants are required to choose one paper that they wish to referee and discuss in class. A list of suggestions will be available on Blackboard. Papers are assigned on a first-come first-served basis. You must pick a paper by October 13th, 2011. The paper you present should be closely related to your research proposal.
4 Research Proposal

The research proposal should suggest an empirical project within the field of international finance. It should

1. clearly describe the research idea,
2. contain a literature survey,
3. a detailed description of the model and of the empirical approach to be used,
4. own preliminary empirical results,
5. a discussion of their limitations, and a detailed description of the next steps.

5 Recommended Books

This course builds on research papers from various fields, and therefore does not follow a single textbook. However, I recommend that at some point during the course you examine all of the following books, which will serve you as a valuable reference lateron. The books by Evans and Mark are required and are available at the BC bookstore.


6 Course Topics and Reading List

Core readings are marked with an asterisk (*).
6.1 Numerical Methods


6.2 Foreign Exchange: Models and Tools


6.3 Exchange Rates in the Long-run


5.1 Microstructure of Foreign Exchange Markets


6.4 Microstructure of Foreign Exchange Markets


6.5 International Financial Integration and Risk Sharing


6.6 Monetary Policy, Sovereign Lending, and Financial Crises


