Economics 7660
Advanced Macroeconomic Theory II

Lectures: W 8:30 am -11:30 am @ TIER 300  
Office: Fletcher Argue 644  
Office hours: W 11:30 am -12:30 pm  
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Required textbook
The textbook can be purchased at the university bookstore.  
Website: [http://umanitoba.ca/bookstore/](http://umanitoba.ca/bookstore/)

Course Description
This course serves as an advanced introduction to modern macroeconomic theory and analysis of business cycles, monetary policy, and asset pricing. Topics covered include real business cycle theory, New Keynesian theory, monetary policy, finance and macroeconomics, open economy models, and models of unemployment fluctuations.

Course Objectives
Students in this course are expected to learn about:  
1. Modern macroeconomic theory with emphasis on short-run general equilibrium models.  
2. Computational solution methods for macroeconomic models.  
3. Use of scientific computing software (such as Matlab) for economic modelling.

Prerequisites:
This course is intended for students in the Ph.D. program. All other students should see me before enrolling in this course. Students are expected to have completed Econ 7722 (Advanced Microeconomic Theory I) and Econ 7650 (Advanced Macroeconomic Theory I).

Course Website
The course website contains the syllabus, assignments, answers, updates, announcements, and other material. Students are expected to visit the course webpage (D2L) on a regular basis throughout the semester.
Coursework and Grading

<table>
<thead>
<tr>
<th>Course Requirement</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Paper discussion &amp; participation</td>
<td>10%</td>
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<tr>
<td>Midterm</td>
<td>40%</td>
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<tr>
<td>Final Exam</td>
<td>50%</td>
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The due dates for the problem sets and project will be announced during class. The midterm will be held in class on March 4\textsuperscript{th}. The final exam, which is cumulative, will be held on April 15\textsuperscript{th}.

The \textit{paper discussion & participation grade} will be based on in-class presentations of assigned research papers (at the end of the semester) and student participation during in-class presentations of problem sets and computational projects (during the semester). Problem sets will be assigned throughout the term. The problem sets will not be graded but students should prepare in advance in case they are asked by the instructor to solve and present their work during class on the due date.

Students appealing any term work are required to provide a clearly written, one-paragraph re-grade request (typed) detailing where a grading error may have occurred within 10 working days of receiving their mark. If a re-grade request is submitted I reserve the right to re-grade the entire exam, not simply the individual question.

Note that March 19, 2015 is the final date for voluntary withdrawal without academic penalty for winter term courses. Evaluative feedback will be provided before this final withdrawal date.

Disruptions due to excessive talking, using smartphones during class, or early departures from the classroom are especially disturbing. Please be considerate and respectful of the needs and rights of others in the class. Any student who has a legitimate reason for leaving class early should inform the instructor at the beginning of class.

\textbf{Collaboration and Academic Honesty}

Students are expected to work with each other on the problem sets. However final answers are to be your own. Do not copy someone else's answer. You will gain nothing and will be in violation of University rules. You are expected to be familiar and follow the University's policy on “Plagiarism and Cheating” and duplicate submission.

Any term work that has not been claimed by students will be held for 4 months from the end of the final examination period for the term in which the work was assigned. At the conclusion of this time, all unclaimed work will become property of the Faculty of Arts and be destroyed according to FIPPA guidelines and using confidential measures of disposal.
Grading Scale

A+ = 96% - 100%  A = 86% - 95%
B+ = 76% - 85%  B = 66% - 75%
C+ = 60% - 65%  C = 56% - 59%
D = 50% - 55%  F \leq 49%
Course Outline

I Real Business Cycle Theory

A. Business Cycle Facts and Measurement


B. Analytical Solutions to Real Business Cycle Models


C. Solving RBCs Log-Linearization and the Method of Undetermined Coefficients

D. Solving RBC models using Dynare


E. Objections to the RBC Paradigm


Rotemberg, Julio J & Woodford, Michael, 1996. "Real-Business-Cycle Models and the

II Monetary Economics
A. Money in Macroeconomic Models (Classical View)


B. New-Keynesian Business Cycles

C. Monetary Policy


III Asset Pricing, Financial Markets and Macroeconomics

Asset Pricing

Financial Frictions in Macroeconomics


IV International Business Cycles

Large Open Economy


Small Open Economy


V Models of Unemployment


Heterogeneous Agent Models
