

International Financial Markets

– MIEPP course

Summer 2024

Prof. Dr. Philip Sauré, philip.saure@uni-mainz.de

Organization

Lecture:

Instructor: Prof. Dr. Philip Sauré

Time: Wednesday, 8:30 – 10:00am

Location: HS III

Tutorial:

Instructor: Prof. Dr. Philip Sauré

Time: Tuesday, 8:30 – 10:00am

Location: HS III

For all organizational questions, please see also Jogustine – in case of discrepancies, Jogustine is the principle source of information.

All course material will be available through the JGU LMS (Moodle).

Course Description

This course gives an introduction to theoretical concepts and empirical regularities of international financial markets and cross-border investment. We begin with a brief review of accounting principles and definitions, as well as central theoretical concepts. Equipped with the necessary theoretical background, we finally discuss systematic problems that plague the measurement of international investment positions and external balances. Next, we turn to standard micro-founded theory of intertemporal trade and discuss the sometimes puzzling difference between the economic aggregates and allocations predicted by theory and those in the data. Optimal portfolio and investment strategies are applied to international financial markets to derive the gravity equation in international finance. This important analytical tool of cross-country investment is used to assess current questions and topics. In this context, we look at the structure and patterns of available data sources.

Course requirements

Regarding methodology and tools, the course follows the standards in international trade and develops theories with the help of micro-founded partial and general equilibrium models. Empirical work will rely on cross-section and panel data analysis. Prior knowledge from international trade and econometric or statistical courses are therefore very helpful.

Literature

Textbooks

H Harms, Philipp (2016): International Macroeconomics, 2nd edition, Tübingen (Mohr Siebeck).

KOM Krugman, Paul, Maurice Obstfeld, and Marc Melitz (2017). "International Economics: Theory and Policy." Eleventh edition

OR Obstfeld, Maurice and Kenneth S. Rogoff. Foundations of international macroeconomics. Cambridge, MA: MIT press, 1996.