REAL WORLD ANALYSIS OF ECONOMIC DATA

Econ-GB.2347
Peter D’Antonio
Email: pdantoni@stern.nyu.edu
Phone: (516) 993-5990
Office hours: Tuesday, 5 - 6 pm or by appointment
Class time: Tuesday, 6 - 9 pm

Course Overview

Objective: This course is designed for business professionals whose interactions require a working understanding of the state of the economy. Students will learn how to put the wide array of economic data into a coherent framework to make judgments about business activity and markets. We will cover each of the major data releases – including GDP, employment and unemployment, consumer spending, inflation and business surveys – discussing what makes them important to markets and the outlook. Other topics include business cycles, economic modeling, monetary and fiscal policy, and forecasting. Upon completion of this course, students will have the tools to understand and interpret data, and to dispel some common misconceptions.

Prerequisite: Students should have taken at least one Macroeconomics course and be familiar with the basic building blocks of the economy.

Organization: Each class will include a discussion of the topic listed in the course schedule, as well as an analysis of the latest economic data releases and how they fit into the overall economic outlook. The class will also focus on how markets interpret and respond to new information.

Grades will reflect a midterm (20%), a final exam (35%), homework (15%), a final paper (15%), and class participation (15%). Tests will cover class material and required readings.

Office hours will be held during the hour just prior to each class. Other appointments can be arranged by email.

Readings: The required readings are articles and transcripts of speeches that go to the heart of each session topic. These readings are listed in the course schedule and should be read before class. Links to these readings will be posted in the Lessons section of NYU Classes. In addition, students will be expected to read the Wall Street Journal or the New York Times Business Section to keep abreast of economic developments. They should feel free to ask questions and raise issues from the news during class.

Assignments: Students will be given four homework assignments during the semester, dealing with different aspects of the most important economic releases. The objective of these assignments will be to familiarize students with the data, especially how they are
collected and compiled, how they fit into the overall economic outlook, and what market impact they normally have. These assignments will be posted on NYU Classes. Students may confer with each other on these assignments, but each individual must submit his/her own work. All assignments are due at the start of class.

In addition, students will be asked to pick an indicator to study in depth and write a final paper about it. They will then present a (brief) synopsis of the indicator to the class.

**Important Dates**
- March 22 Midterm
- May 3 Final

**Course Schedule:**

**Week 1 – February 9**

Introduction and overview of the course

The goals of economic analysis and what it tells us about markets.

The need to fuse actual economic data with the theory to build a real-world economic framework.

Introduce the four approaches to GDP accounting that form the basis for organizing data releases.

Data focus: GDP

**Week 2 – February 16**

Discussion of data collection

Where data come from and how they are put together

Focus on pitfalls of data use and how they are addressed

Characteristics of data and the usefulness to markets

Data focus: Retail Sales

Reading:

**Week 3 – February 23**

Expenditure approach to GDP

Discuss elements of demand: consumption, investment, government, and trade

Look at swing factors and assess what the data say about the underlying path of growth

Data focus: Consumption

Reading:

D'Antonio, Peter, “Four Approaches to GDP Accounting," handout.

**Week 4 – March 1**

Employment, income, and production approaches to GDP

How these approaches are calculated and how the information is used

Data focus: Employment

**Homework #1 due**

Readings:


**Week 5 – March 8**

Business cycle dynamics

How the economy (and the data) move through expansions and contractions
Focus on imbalances and corrections

Role of exogenous shocks and policy

Data focus: Housing – the root of the latest downturn

Reading:


**Week 6 – March 22**

Business cycles continued

Understanding why recessions begin

How recoveries emerge from the depths of recession

The difference between cyclical and structural forces

Data focus: What’s going on in the labor market?

**Homework #2 due**

**Midterm: In class – 60 minutes**

**Week 7 – March 29**

Tools of the trade

How and why we use models to monitor the business cycle

Benchmarking the business cycle with full employment

Economic imbalances and bubbles

Reading:

**Week 8 – April 5**

Monetary policy

The different policy options and their market impacts

Importance of communication and Fed independence

Guest speaker to talk about the financial industry, market reactions to bubbles, and careers

Readings:


**Week 9 – April 12**

Monetary policy

Policy rules

Unconventional policies

Data focus: Taylor rule

Homework #3 due

Readings:


**Week 10 – April 19**
Inflation and price stability

Determinants of inflation

Shocks and relative prices

Importance of expectations as a stabilizing force

Readings:


**Week 11 – April 26**

Fiscal policy

Fiscal policy multipliers

Temporary vs permanent tax changes, marginal tax rates, incentives

Data focus: Trade

Readings:


Final paper due

**Week 12 – May 3**

Final exam: In class – 120 minutes