

SUBJECT TO CHANGE

NEW YORK UNIVERSITY
STERN SCHOOL OF BUSINESS
EMERGING MARKETS FINANCE
FINC-UB 23
Fall 2013

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This is an introductory course on emerging markets finance. The objective is to provide students with limited previous exposure to the subject with a basic conceptual framework and practical knowledge regarding finance and investments in emerging markets. The course covers the essential elements of investment decisions in emerging markets as well as basic institutional and macro policy issues affecting emerging markets. The course will cover different topics pertaining to emerging markets from a multidisciplinary perspective that includes:

- Economic history
- Development economics
- International macroeconomics
- International finance
- Portfolio theory
- International relations and politics
- Common sense

The first part of the course will cover some basic concepts from development economics and international finance that serve as a foundation to understand the dynamics of emerging markets. The second part will focus more on practical issues related to investing in emerging markets.

The reading list includes books, academic papers and research reports produced by private and public sector entities. There is no single textbook that covers the material of the course and the existing textbooks are outdated and/or out of print.

The recommended textbooks are:

- *Central Banking and Monetary Policy in Emerging Nations*, by David De Rosa, (Research Foundation of CFA Institute, 2009). [PDF](#). (DR)

- *The Little Book of Emerging Markets: How To Make Money in the World's Fastest Growing Markets*, by Mark Mobius (Wiley, 2012). (MM)
- *Breakout Nations: In Pursuit of the Next Economic Miracles* by Ruchir Sharma (W. W. Norton & Company, 2012). (RS)

DR chapters will be assigned to specific lectures. MM should be completed before the final examination. RS is optional reading for one of the special projects.

Internet resources

- The BIS, IMF and the World Bank are among the best sources of free data, analysis and information on emerging markets finance:
 - www.bis.org
 - www.imf.org
 - www.worldbank.org
- Mark Mobius' blog "Investment Adventures in Emerging Markets" provides valuable up to date insights into emerging market investing. <http://mobius.blog.franklintempleton.com>
- Econmonitor a website/blog sponsored by Roubini Global Economics includes interesting (no subscription required for the time being) articles on international macroeconomic and geopolitical issues, with emphasis on emerging markets. <http://www.econmonitor.com>
- The international edition of the *Financial Times* and *The Economist* also provide excellent coverage of emerging market issues.
- Jim Rogers another investment guru in emerging markets has a blog that covers a variety of topics including emerging markets. <http://www.jimrogers.com>
- Although outdated Professor J. P. Mei website includes valuable links to different topics relevant for emerging markets. <http://people.stern.nyu.edu/jmei/super/super1.html>

Grading

There will be a midterm (30%) and a final examination (40%) – both open-book. The final exam will not be cumulative, but will require mastery of the material covered from the first half of the semester. Class participation is actively encouraged (10%). There will be a class assignments and homework (20%). These weights are indicative. I reserve the prerogative to adjust them as the class evolves.

Class attendance is required. Arrangements can be made to make up assignments and exams missed because of unforeseen events such as illnesses, job interviews, or family emergencies provided I receive notification well in advance. Any make-up exams will each be offered on a single day only.

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have agreed that for elective courses the individual instructor or department is responsible for determining reasonable grading guidelines.

The Finance Department has elected to use the following grading guidelines for this course and all other elective courses. Instructors should award grades of “A” or “A-” to approximately 35% of students in elective courses with enrollments of more than 25 students. In elective classes of less than 25 students, the instructor is at liberty to give whatever grades they think the students deserve, while maintaining rigorous academic standards.

Office hours

Office hours are by request.

Student Responsibilities

It is the responsibility of all students to attend all classes (except for valid reasons) and to read all the assigned reading beforehand. The class will serve to structure, discuss and summarize the material. It is a complement, not a substitute to reading the material. I have limited the amount of reading to make it manageable. You are not required to go through the modeling and econometric estimation sections on the academic papers listed.

You are not supposed to read the data sources. There are optional for those interested in more information on the subject.

For the first class I need you to provide me with the attached questionnaire. Your responses will help me assess better your level of knowledge and adapt the course accordingly.

Lectures

1. Introduction to Emerging Markets

Introduction to emerging markets. Classification of emerging markets. Countries vs. Asset Class.

- DR, Chapter 1, pp.1-8
- MM, Chapter 1, 2 and 3
- *The Economist*, “Ins and outs: Acronyms BRIC out all over,” Sep 18th 2008. [Link](#)
- Hale, David, “The Importance of Emerging Markets”, CFA Institute Conference Proceedings Quarterly, (Sep 2012): 43–50. [PDF](#).

2. Emerging Markets, the International Monetary and Financial System and Global Governance

Key supranational institutions and their role: IMF, World Bank, EBRD, IADB, IFC and ADB. Emerging markets and global governance. The Group of 20 (G20). The emergence of Sovereign Wealth Funds.

- DR, Chapter 1, pp.8-14. and Chapter 2, pp.15-36.
- IMF Factsheet, “The IMF and the World Bank”. [Link](#).
- Kharas, Homi and Lombardi, Domenico, “The Group of 20: Origins, Prospects and Challenges for Global Governance”, Brookings Institutions (2012). [PDF](#).
- Truman, Edwin, “Sovereign Wealth Funds: Threat or Salvation?” (PIIE, 2010), Chapter 1, Sovereign Wealth Funds and the Global Economy. [PDF](#).

3. Determinants and Impact of Capital Flows to Emerging Economies

Balance of Payment and capital flows. Factors that determine size and composition of capital flows to emerging markets. Capital flow bonanzas, suddens stops and reversal.

- DR, Chapter 3, pp.39-41, 51-56, Chapter 6
- Gosh, Atish, and Qureshi, Mahvash S., “What drives surges in capital flows?,” Vox, 26 January 2012. [Link](#).
- Institute of International Finance, “Capital Flows into Emerging Market Economies”, January 2013. [PDF](#).
- Institute of International Finance, *Capital Flows User Guide*. [PDF](#).
- Reinhart, Carmen H., Calvo, Guillermo and Leiderman, Leonardo, “The capital inflows problem: Concepts and issues,” Contemporary Economic Policy 3.12 (1994) (1994). [PDF](#).

4. Globalization, Global Imbalances and Emerging Markets

History of Globalization and capital flows into emerging markets. Impact of globalization, expansion of democracy, privatization and financial liberalization.

- Bernanke, Ben et al., “International Capital Flows and the Returns to Safe Assets in the United States, 2003-2007,” Federal Reserve Board International Finance Discussion Papers (2011). [PDF](#).

- BIS CFGS, “Capital flows and emerging market economies”, CGFS Publications No 33, January 2009, pp.7-40. [PDF](#).
- Fischer, Stanley, “The Washington Consensus”, in Bergsten and Henning, “Global Economics in Extraordinary Times: Essays in Honor of John Williamson” (PIIE, 2012). [PDF](#).
- Levy-Yeyati, Eduardo, “Financial Globalization and Emerging Markets: Myth and Reality”, Vox (April 2011). [Link](#).

5. Main Drivers of Economic Development

What are the main drivers of economic growth? What does a country need to be “developed”? What are the main challenges that emerging economies face as they try to develop?

- Acemoglu, Daron, “Economic Growth and Economic Development: The Questions,” in *Introduction to Modern Economic Growth* (Princeton, 2007). [PDF](#).
- Balla, Surjit S., “Determinants of Economic Growth,” in “Devaluing to Prosperity: Misaligned Currencies and Their Growth Consequences” (Peterson Institute of International Economics, 2012). [PDF](#).
- Easterly, William and Levine, Ross “Tropics, Germs, and Crops: How Endowments Influence Economic Development.” *Journal of Monetary Economics*, (2003). [PDF](#).
- *The Economist*, “The Big Why”, (March 10, 2012). [Link](#).

6. The Importance of Institutions for Economic Growth

Why are institutions so important for economic growth and development? Are good institutions a cause of economic growth or its outcome? The relationship between education and institutional quality. Political freedoms versus economic freedoms. How important are they for growth? Does it matter to investors?

- Acemoglu, Daron, Johnson, Simon and Robinson, James A., “Institutions as a Fundamental Cause of Long-Run Growth.” *Handbook of Economic Growth 1A*: 386-472 (2005). [PDF](#).
- Acemoglu, Daron and Robinson, James, Response to Jeffrey Sachs (2012). [Link](#).
- Gleaser, Edward L., La Porta, Rafael, Lopez-de-Silanes, Florencio and Shleifer, Andrei, “Do Institutions Cause Growth?,” NBER Working Paper (2004). [PDF](#).
- Sachs, Jeffrey, “Reply to Acemoglu and Robinson’s Response to my Book Review” (2012). [PDF](#).
- Sachs, Jeffrey, “Government, Geography and Growth: The True Drivers of Economic Development”, *Foreign Affairs* (2012). [PDF](#).
- *The Wall Street Journal*, Is Democracy the Best Setting For Strong Economic Growth?, A debate between Daron Acemoglu and Ed Gleaser. [Link](#).

7. Institutions, Financial development, Capital Flows and Corporate Finance

Assessing the impact of institutional quality on the direction and composition of capital flows. Does corruption hinder foreign investment? Which institutional setting promotes capital inflows. Development of financial systems in emerging markets. Banks vs. securities markets. Differences with developed markets. The importance of FDI for emerging markets.

- Ahlquist, John S., “Economic Policy, Institutions, and Capital Flows: Portfolio and Direct Investment Flows in Developing Countries”, *International Studies Quarterly* (2006) 50, 681–704. [PDF](#).
- Demirguc et al., “The Evolving Importance of Banks and Securities Markets”, *World Bank Economic Review* (2012). [PDF](#).
- Levine, Ross, “Finance and Growth: Theory and Evidence,” NBER Working Paper, (2004). [PDF](#).
- La Porta, Rafael et al., “The Economic Consequences of Legal Origins” *Journal of Economic Literature* (2008), [PDF](#).

Optional

- Fan, J. P. H. et al., “Institutions and Foreign Direct Investment: China versus the Rest of the World”, *World Development* (2009). [PDF](#).

8. Exchange Rates in Emerging Markets I:

An introduction to foreign exchange markets: spots, forward, futures and option markets. Determination of exchange rates in emerging economies. PPP and other parity conditions, applicability to emerging markets. Overview of the currency regimes prevalent in emerging markets.

- DR, Chapter 3, pp.41-51, Chapter 4 and 5
- Calvo, Guillermo A., and Frederic S. Mishkin, “The Mirage of Exchange Rate Regimes for Emerging Market Countries,” *Journal of Economic Perspectives*, 17(4): 99-118. (2003). mpra.ub.uni-muenchen.de/13902/1/MPRA_paper_13902.pdf
- Edwards, Sebastian, “Exchange Rates in Emerging Countries: Eleven Empirical Regularities from Latin America and East Asia,” NBER Working Paper (2011). [PDF](#).
- Frankel, Jeffrey A., “Experience of and Lessons from Exchange Rate Regimes in Emerging Economies,” NBER Working Paper, (2003). [PDF](#)
- Pakko, Michael and Pollard, Patricia S., “Burgernomics: A Big Mac™ Guide to Purchasing Power Parity,” *Federal Reserve Bank of St. Louis Review* (2003). [PDF](#).

Data

- IMF, Annual Report on Exchange Arrangements and Exchange Restrictions (2012). [PDF](#).
- HSBC’s Emerging Markets Currency Guide 2012, Emerging Markets December 2011. [PDF](#).

9. Exchange Rates in Emerging Markets II

Carry trade, central bank intervention, capital flight, parallel currency markets, peso problem and currency wars. Implications for markets and investors.

- DR Chapter 6 and 7
- *The Economist*, “Nigeria's currency black market: Mission impossible,” (2002). [Link](#).
- Kiguel, Miguel et al. “Parallel exchange rates in developing countries: Lessons from eight case studies,” *World Bank Policy Research Working Paper*, (1994). [PDF](#).
- Magud, Nicolas E, Carmen M Reinhart, and Kenneth S Rogoff. “Capital Controls: Myth and Reality—A Portfolio Balance Approach,” (2011). [PDF](#).

- Persaud, Avinash, “Currency Wars and their investment implication”, CFA Institute (2013). [PDF](#).
- Rojas-Suarez, Liliana, “Risk and Capital Flight in Developing Countries”, IMF Working Paper (1990). [PDF](#).

Data

- IMF, Annual Report on Exchange Arrangements and Exchange Restrictions (2012). [PDF](#).
- ODI, “Measuring Capital Flight: Estimates and Interpretations,” Working Paper 194 (2002). [PDF](#).

10. Commodities and Emerging Markets. The Resource Curse

Impact of commodity booms and busts on emerging market economies. Dutch disease and natural resource curse.

- Brunnschweiler, Christa N. and Bulte Erwin H., “The Resource Curse Revisited and Revised: A Tale of Paradoxes and Red Herrings,” CER-ETH - Center of Economic Research at ETH Zurich Working Paper (2006). [PDF](#).
- Frankel, Jeffrey A., “The Natural Resource Curse: A Survey,” (2010). [PDF](#).
- Grantham, Jeremy, “Time to Wake Up: Days of Abundant Resources and Falling Prices Are Over Forever” (2011). [PDF](#).
- Magud, Nicolas and Sosa, Sebastian, “The Missing Link Between Dutch Disease and Growth,” Vox, 13 December 2010. [Link](#).
- Spatafora, Nikola and Tytell, Irina, “Commodity terms of trade: The history of booms and busts”, Vox, (2010). [Link](#).

11. Public Finance and Foreign Borrowing in Emerging Markets

Why do emerging economies borrow in foreign currency? Original sin, debt intolerance and currency mismatches.

- Gelos, Gaston R., et al., “Sovereign Borrowing by Developing Countries: What Determines Market Access?,” IMF Working Papers (2004). [PDF](#).
- Hausmann, Ricardo and Panizza, Ugo, “Redemption or Abstinence? Original Sin, Currency Mismatches and Counter-Cyclical Policies in the New Millenium” (2010). [PDF](#).
- Reinhart Carmen M., Rogoff, Kenneth S. and Savastano Miguel A., “Debt Intolerance,” Brookings Papers on Economic Activity, Spring 2003, pp. 1-62. [PDF](#).

Data

- World Bank, “Global Development Finance: External Debt of Developing Countries” (2012). [PDF](#).

12. Financial Crises in Emerging Markets I: Currency and Banking Crises

A review of the recurrent currency, debt and banking crises in emerging markets. An examination of the roles of moral hazard, carry trades, contagion, and the lack of transparency in fomenting and propagating financial crises.

- Calvo, Guillermo, “Crises in Emerging Market Economies: A Global Perspective,” NBER Working Paper (2005). [PDF](#).
- Claessens, Stijn, and Kose, M. Ayhan, “Financial Crises: Explanations, Types, and Implications,” IMF Working Paper (2013). [PDF](#).
- Dornbusch, Rudiger, “A Primer on Emerging Market Crises,” NBER Working Paper (2001). [PDF](#).
- Dornbusch Rudiger, Park Yung, Chul and Claessens, Stijn, “Understanding How Contagion Spreads,” *World Bank Research Observer* Vol 15, No. 2 (August 2000). [PDF](#).

13. Financial Crises in Emerging Markets II:

Effectiveness of early warning systems to predict crisis.

- MM, Chapter 13
- Chamon, M., Ghosh, Atish, and Kim, Jun, “Are All Emerging Market Crises Alike?,” in Maurice Obstfeld, Dongchul Cho, and Andrew Mason (eds.), *Global Economic Crises: Impact, Transmission and Recovery* (2012). [PDF](#).
- Goldstein, Morris, Kaminsky Gabriela and Reinhart, Carmen, “Assessing Financial Vulnerability: An Early Warning System for Emerging Markets” (PIIE, 2000), Chapter 8 Summary of Results and Concluding Remarks, [PDF](#).
- Reinhart, Carmen M., “A Series of Unfortunate Events: Common Sequencing Patterns in Financial Crises,” CEPR Discussion Paper Series (2012). [PDF](#).

14. Assessing Country Risk in Emerging Markets. Sovereign Credit Ratings.

Basic overview of country risk. Other risk factors that investors face in emerging market economies.

Criteria for defining and measuring country risk. Usefulness and limitations of sovereign credit ratings.

- MM, Chapter 7
- Erb, Claude et al., “Political Risk, Financial Risk and Economic Risk,” *Financial Analysts Journal* (1996): November/December 52:6, 28-46. [PDF](#).
- Harvey, Campbell R., “Country Risk Components, the Cost of Capital, and Returns in Emerging Markets” in Sam Wilkin, Ed., *Country and Political Risk: Practical Insights for Global Finance*, Risk Books, 2004, [PDF](#).
- Standard & Poor’s, “Sovereign Credit Ratings: A Primer,” May 19, 2008. [Link](#).
- Cavallo, Eduardo A, Andrew Powell, and Roberto Rigobón (2008), “Do Credit Rating Agencies Add Value? Evidence from the Sovereign Rating Business Institutions”, IADB, Research Dept Working Paper 647, (2008). [PDF](#).
- IMF, *Global Financial Stability Report*, (2010), Chapter 2, “The Uses and Abuses of Sovereign Credit Ratings”. [PDF](#).

15. The use of credit derivatives to hedge country risk

The emergence of credit default swaps. Uses and limitations as hedging instruments and/or investment vehicles. CDS spreads and default probabilities.

- IMF Global Financial Stability Report (January 2013), Chapter 2 A New Look at the Role of Sovereign Credit Default Swaps. [PDF](#).
- IOSCO, Report on The Credit Default Swap Market, June 2012. [PDF](#).
- Ismailescu, Iuliana, and Kazemi, Hossein, “The reaction of emerging market credit default swap spreads to sovereign credit rating changes,” JBF 2010. [PDF](#).
- Portes, Richard, “Credit default swaps: Useful, misleading, dangerous?”, Vox, 30 April 2012. [Link](#).

Data:

- Deutsche Bank Research, Sovereign Default Probabilities Online. [Link](#).

16. Emerging Market Bonds I: Sovereign

Emerging Market sovereign bonds as an asset class. Growing importance of local bond markets for international investors. Structuring, issuance, pricing and performance.

- Csonto, Balazs and Ivaschenko, Iryna, “Determinants of Sovereign Bond Spreads in Emerging Markets: Local Fundamentals and Global Factors vs. Ever-Changing Misalignments,” IMF Working Papers (2013). [PDF](#).
- Gonzalez Rozada, Martin, and Levy-Yeyati, Eduardo, “Global factors and emerging market spreads,” IADB Working Paper (2006). [PDF](#).
- Investec, Insight, “Emerging Market Debt”, June 2013. [PDF](#).
- Jaramillo, Laura, and Tejada, Catalina, “Sovereign Credit Ratings and Spreads in Emerging Markets: Does Investment Grade Matter?,” IMF Working Paper (2011). [PDF](#).
- Klingen et al., “How Private Creditors Fared in Emerging Debt Markets, 1970-2000”, IMF Working Paper (2004). [PDF](#).
- Miyajima, Ken, Mohanty, Madhusudan and Chan, Tracy, “Emerging market local currency bonds: diversification and stability”, BIS Working Papers No 391, (2012). [PDF](#).

17. Sovereign Debt Restructuring

Restructuring of foreign sovereign bonds issued by emerging market countries. Holdouts. Vulture funds.

- Borensztein, Eduardo and Panizza, Ugo, “The Costs of Sovereign Default”, IMF Working Paper, (2008). [PDF](#).
- IMF, “A Survey of Experiences with Emerging Market Sovereign Debt Restructurings,” (2012). [PDF](#).
- Fukuda, Kenneth, “What is a Vulture Fund?”. The University of Iowa Center for International Finance and Development, [Link](#).
- Moody’s Investors Services, “The Role of Holdout Creditors and CACs in Sovereign Debt Restructurings,” April 10, 2013. [Link](#).

18. Corporate Governance and Investor Protection in EM

Differences between corporate governance in emerging and developed markets. Impact on valuation.

- Claessens, Stijn and Yurtoglu, B. Burcin, “Corporate Governance in Emerging Markets: A Survey” (January 15, 2012). [PDF](#).
- Gugler, Klaus, et al., “Corporate Governance and the Returns on Investment”, Journal of Law and Economics (2003). [PDF](#).
- Klapper, Leora F. and Love, Inessa, “Corporate Governance, Investor Protection and Performance in Emerging Markets,” World Bank Policy Research Working Paper No. 2818. (2002). [PDF](#).
- La Porta, Rafael et al., “What Works in Securities Laws?” Journal of Finance (2005). [PDF](#).
- La Porta et al, “Investor Protection and Corporation Valuation,” Journal of Finance, American Finance Association, vol. 57(3), pages 1147-1170, 06 (2002). [PDF](#).

Data:

- UNCTAD, “Corporate Governance Disclosure in Emerging Markets, Statistical analysis of legal requirements and company practices” (2011). [PDF](#).

19. Emerging Market Bonds II: Corporates

Introduction to EM Corporate Bonds as an asset class. Pricing, Ratings and the Sovereign Ceiling.

- Borensztein, Eduardo, et al., “Sovereign Ceilings “Lite”? The Impact of Sovereign Ratings on Corporate Ratings in Emerging Market Economies”, IMF Working Paper (2007). [PDF](#).
- Boston Consulting Group, “Redefining the Emerging Market Opportunity”, (2012). Chapter 4 The Opportunity in Corporate Bonds. [PDF](#).
- Gramercy, Update on the EM Corporate Bond Market, May 2013. [PDF](#).
- Investec Asset Management, “Emerging Markets Corporate Debt”, March 2013. [PDF](#).
- Keller, Sonja, and Mody, Ashoka, “International Pricing of Emerging Market Corporate Debt: Does the Corporate Matter?,” IMF Working Paper (2011). [PDF](#).
- Mizena, Paul et al., “Why do firms issue abroad? Lessons from onshore and offshore corporate bond finance in Asian emerging markets” BIS Working Papers (2012). [PDF](#).

20. Cost of capital in emerging markets and valuation of emerging market equities

An examination of the difficulties involved in measuring the cost of capital in emerging markets. Theoretical and practical approaches.

- Abuaf, Niso, “Valuing Emerging Market Equities -- The Empirical Evidence”, Journal of Applied Finance, No. 2, 2011. [PDF](#).
- Harvey, Campbell R., “Twelve Ways to Calculate the International Cost of Capital,” Duke University, October 14, 2005. [PDF](#).
- James Mimi and Koeller Tim, "Valuation in Emerging Markets", McKinsey Quarterly 2000, number 4. [PDF](#).
- Sabal Jaime, “The Discount Rate in Emerging Markets: A Guide” Journal of Applied Corporate Finance (Spring/Summer 2004). [PDF](#).

21. Emerging Market Equities I: Introduction

Overview of equity financing in emerging markets. Institutional structure and regulatory issues. Market development. Benchmarks. Measuring portfolio performance. The sources of predictability in emerging market equity returns.

- MM, Chapters 4, 5 and 6
- Aggarwal, Reena, “American Depository Receipts (ADRs) of US based Emerging Market Funds,” World Bank (2005). [PDF](#).
- Henry, Peter B., and Kannan, “Growth and Returns in Emerging Markets”, NBER Working Paper (2006). [PDF](#).
- MSCI/Barra, Emerging Markets: A 20-year Perspective (2008). [PDF](#).
- Mobius, Mark, “The Best Time to Invest,” Investment Adventures in Emerging Markets, 19 June 2013. [Link](#).

22. Emerging Market Equities II: New Issues

IPOs in emerging markets. Pricing and performance.

- Dodge, Craig, et al., “The U.S. Left Behind: The Rise of IPO Activity Around the World”, ECGI Working Paper Series in Finance, Finance Working Paper N°. 303/2011 (March 2011). [PDF](#).
- Ferreira, Miguel A., and Matos, Pedro P., “The Colors of Investors’ Money: Which Firms Attract Institutional Investors from Around the World?,” [PDF](#).
- Huang, Qi, and Levich, Richard M., “Underpricing of New Equity Offerings by Privatized Firms: An International Test,” (1998). [PDF](#).
- Kim, Woojin and Weisbach, Michael S., “Motivations for Public Equity Offers: An International Perspective,” NBER Working Papers (2006). [PDF](#).

23. Emerging Market Equities III: Global Allocation

Global Asset Allocation. Stock selection. Country allocation strategies: value, momentum, and risk factors. The informative content of fund flows.

- Credit Suisse Asset Management, “Emerging Markets: Developing a Structured Approach to Country Allocation”, White Paper, June 2012. [PDF](#).
- Gelos, Gaston, “International Mutual Funds, Capital Flow Volatility, and Contagion – A Survey,” IMF Working Paper (2011). [PDF](#).
- Dahlquist Magnus and Harvey, Campbell R., “Global Tactical Asset Allocation, ” *Emerging Markets Quarterly* (2001). [PDF](#).
- Harvey, Campbell R., “Allocation to Emerging Markets in a Globally Diversified Portfolio,” March 2012. <http://www.regjeringen.no/pages/1934920/Harvey.pdf>
- Van der Haart, Jaap, et al., “Stock Selection Strategies in Emerging Markets,” *Journal of Empirical Finance* (2003) [PDF](#).

24. Emerging Markets: Future Prospects of an evolving asset class

A critical look at the arguments for investing in the emerging markets, including demographics, growth, gains from the adoption of best practices, and the growth of local institutional investors.

- MM, Chapter 18
- Black Rock Investment Institute, “Are Emerging Markets the next developed markets?”, August 2011. [PDF](#).
- *The Economist*, “When Giants Slow Down”, 27 July 2013. [Link](#).
- Price Waterhouse Coopers, “World in 50 years: BRICS and Beyond,” (2013). [PDF](#).
- Standard Chartered, Group Wealth Management Investment Advisory and Strategy, “The Supercycle Report”, (2011). [PDF](#).

25. Special Project I: Is this time different for emerging markets?

For this project you can use the following or any other material you deem useful (after checking with me).

- Roubini, Nouriel and Setser, Brad, “The New Nature of Emerging Market Crises,” in “Bailouts or Bail-ins? Responding to Financial Crises in Emerging Economies” (Peterson Institute of International Economics, 2004). [PDF](#).
- White, William, “Emerging market finance in good times and bad: are EME financial crises a thing of the past?” (October 2007). [Link](#).
- Reinhart, Carmen M. and Rogoff, Kenneth, “Financial and Sovereign Debt Crises: Some Lessons Learned and Those Forgotten,” In “Financial Crises: Causes, Consequences, and Policy Responses,” Presented September 14, 2012, at IMF conference on financial crises, Washington, DC. [PDF](#).

26. Special Project II: Does China offer a new development paradigm for emerging markets?

For this project you can use the following or any other material you deem useful (after checking with me).

- RS, *Breakout Nations*
- Das, Mitali, and N’Diaye, Papa, “Chronicle of a Decline Foretold: Has China Reached the Lewis Turning Point?” IMF Working Paper (2013). [PDF](#).
- *The Economist*, Debate on State capitalism (Jan-Feb 2012). [Link](#).
- Subramanian, Arvind, and Kessler, Martin, “The Renminbi Bloc Is Here: Asia Down, Rest of the World to Go,” PIIE Working Paper (2013). [PDF](#).
- Williamson, John, “Is the Beijing Consensus now dominant?”, (2012). kms1.isn.ethz.ch/serviceengine/.../Essay%2B1%2B-%2BAP13.pdf%E2%80%8E

FINC-UB 23
STUDENT QUESTIONNAIRE

To be delivered on the first day of classes. Please circle the correct answer

LAST NAME: _____

1. What is your nationality or in which country have you lived most of your life?
 - a. US
 - b. Non US
2. Is the country referred to above an emerging market?
 - a. Yes
 - b. No
 - c. Don't know
3. How many countries have you lived in/visited in addition to the US?
 - a. None
 - b. More than one and less than five
 - c. More than five
4. Besides English which other languages you speak/understand fluently?
 - a. Mandarin
 - b. Spanish
 - c. Hindi
 - d. Russian
 - e. Other (please specify): _____
5. How knowledgeable are you about emerging markets?
 - a. Not at all
 - b. Somewhat
 - c. Very
6. What attracts you most to emerging markets?
 - a. Learn how to make lots of money investing
 - b. Understand the geopolitical and macroeconomic dynamics
 - c. Interest in public policy issues
 - d. Other (please specify): _____
7. Please specify which of the following courses you have already taken
 - a. Economics / Macroeconomics
 - b. International economics / International Finance
 - c. Investments / Corporate Finance
 - d. Statistics / Econometrics
8. How much do you know about the following (rank from 1, nothing, to 5, a lot):
 - a. Global savings glut ____
 - b. Fisher effect ____
 - c. CDS spreads ____
 - d. Vulture fund ____