We meet Thursday 9am-12pm in KMC 9-191 Gruber Conference Room. There are 14 classes. The class covers advanced topics at the intersection of macroeconomics, monetary economics, banking, and international finance. We cover building blocks in macroeconomics and in finance. We then look at ongoing research with a particular emphasis on international macro and finance. Compared to other macro classes at NYU, this class will focus more on:

- Banking and financial intermediation
- Sovereign risk
- International finance

Organization of the class. (PRELIMINARY). The class is based on a list of papers. There are three types of papers

- T (teach): I will teach these papers, and also hand out some teaching notes
- P (present): You will present these papers. Each paper should be presented by two students. The idea is to allow you to discuss the difficult points of each paper. The presentation should last 30 minutes, roughly 15 minutes per student.
- O (other): These are other papers related to the topics

Topics

1. Basic New Keynesian Model
   (b) Borrower/Savers model, Eggertsson and Krugman (2012)
2. NK (cont) and Investment

(a) Q Theory of Investment, Philippon (2009)
(b) Disagreement among managers and investors, Stein (1996), Gilchrist et al. (2005)
(c) Nakamura et al. (2016), Alvarez et al. (2016)

3. Financial Contracting and Intermediation

(a) Debt Overhang, Risk Shifting: Modigliani and Miller (1958), Jensen and Meckling (1976), Myers (1977)
(b) Liquidity: Diamond and Dybvig (1983),
(c) Adverse selection and Moral Hazard: Diamond (1984), Myers and Majluf (1984), Holmström and Tirole (1997)
(d) Investment and leverage dynamics: Gomes (2001), Abel (2016)
(e) Leland (1998), Gabaix (2016)

4. Financial Contracting and Intermediation (cont)

(a) Gorton and Pennacchi (1990), Calomiris and Kahn (1991), Shleifer and Vishny (1992), Shleifer and Vishny (1997), Kashyap et al. (2002), Hanson et al. (2014)
(c) He and Krishnamurthy (2012), Brunnermeier and Sannikov (2014)

5. Open Economy 1

(a) Exchange rates, Gali and Monacelli (2008)
(b) Lustig and Verdelhan (2007), Burnside (2011), Lustig and Verdelhan (2011)
(c) Farhi and Werning (2013), Burstein and Gopinath (2013), Costinot et al. (2014)

6. Bewley

(a) Werning (2015), Kaplan et al. (2016)

7. Asset Pricing and Disaster Risk

(a) Barro et al. (2013), Tsai and Wachter (2015)

8. Open Economy 2
9. Sovereign Risk

(a) P: Arellano (2008), Broner et al. (2010), Aguiar and Amador (2014), Aguiar et al. (2016)

10. Unconventional Monetary Policy

(a) P: Stein (2012), Moreira and Savov (2014), Ihrig et al. (2015), Hall and Reis (2016), Reis (2016), Del Negro et al. (2010), ?

(b) O: Diamond and Rajan (2012), Bigio and Bianchi (2014), Jiménez et al. (2014)

11. General Equilibrium and Externalities

(a) P: Kehoe and Levine (1993), Lorenzoni (2008), Bianchi (2016)


12. Secular Stagnation and Liquidity Trap


13. ?? Bank regulation

(a) P: Adrian and Shin (2008), Farhi et al. (2009), Admati et al. (2011), Hanson et al. (2014), Egan et al. (2014)

Extra topics:

- Insurance companies: Koijen and Yogo (2014)


• Chinese financial system

References


Reis, R. (2016, November). Can the central bank alleviate fiscal burdens?


