



Universidad
de Alcalá

SYLLABUS

INTERNATIONAL MACROECONOMICS

**Degree in International Economics and
Business**
Universidad de Alcalá

Academic Year 2025-2026
Third Year- Second Semester

SYLLABUS

Name of the subject:	International Macroeconomics
Code:	363004
Degree:	International Economics and Business (Economía y Negocios Internacionales)
Department and Academic field:	Economics / Economía Economics / Fundamentos del Análisis Económico
Type:	Compulsory
Credits ECTS:	6 credits
Semester:	Second
Instructors:	Daniel Fuentes Castro daniel.fuentesca@uah.es
Office hours:	To be defined at the beginning of the course
Language:	English

1. Introduction

The subject initially introduces the basic concepts and theories of International Macroeconomics, analyzes the determinants of the equilibrium levels of the exchange rate and the level of production in an open economy, and studies the theoretical controversy over the choice of the exchange rate regime and the effects of real and monetary shocks under alternative exchange-rate regimes. It then examines the causes of exchange rate crises, analyses the relationship between exchange rate and financial crises and determines the role of the exchange rate in this process. Finally, a series of topics are covered that explain a perspective of the global economy in both developed and emerging markets: growth, cycles, inflation, interest rates, exchange rates and the price of assets in a global economy.

This course aims at explaining the world economy of both developed and emergent markets by covering the modelling and empirical analysis of concepts such as growth, inflation, interest rates, exchange rates or prices of financial assets in a global economy. International Macroeconomics II helps on the understanding of causes and consequences of trade deficits and external imbalances as well as the financial crises in developed and emerging economies. In addition to covering basic macroeconomic model, this course offers the tools required for the short- and long-term assessment of monetary and fiscal policies. The analysis of macroeconomic data and the discussion of recent documents and working papers provide an adequate complement to help the student with the understanding of the theoretical models.

The course is oriented to answering the following questions:

1. How are foreign exchange rates, interest rates and financial asset movements determined?

2. How is the current account balance between countries determined and how does it link to financial movements?
3. How do external shocks affect the economy and what are their effects over production, employment and price levels?
4. What is the impact of fiscal and monetary policy and how they affect adjustments in the public and the private sector?
5. Which are the advantages and disadvantages of the different exchange rate regimes and which are their long-term effects on reserve accumulation?

The instructor will question the basic assumptions of the theoretical models of exchange rate determination (the monetary and asset approach) and balance of payments by analyzing the available macroeconomic data and reviewing the recent literature. The student will acquire sufficient skills to evaluate how changes in macroeconomic policies and financial openness could affect real exchange rates.

The course studies basic macroeconomic policy challenges and their connection with global financial markets. With a final aim of understanding global imbalances and the difficulties of international coordination, transmission mechanisms of the different shocks at an international level will be analyzed together with the implications under different foreign exchange regimes. The course ends with a final discussion of the macroeconomic effects of global capital markets.

2. LEARNING OUTCOMES

The subject presents the fundamental theoretical models, analysis techniques and their contrasting with the available empirical evidence, offering students the necessary knowledge to tackle the specific problems of the international economy and its interdependence using tools with a solid economic foundation.

Basic and General Skills:

GC1.- Acquire skills in negotiation techniques used in international institutions and companies.

GC2.- Ability to analyze data and reports coming specifically from international sources (companies, international institutions such as the IMF, the WTO or the Bank for International Settlements).

GC3.- Interest in updating the permanent requirements of organization and planning techniques for international business and public activities.

GC4.- Ability to assess the multiplicity of social, political, technical, etc. factors that converge in international business and institutional decisions.

GC5.- To acquire the current ethical criteria that can be permanently updated in different countries through anti-corruption codes, international economic rights charters, etc.

GC6.- Ability to integrate into interdisciplinary teams made up of people from very different countries and backgrounds.

GC7.- Scientific and professional curiosity for the permanent use of analytical and conceptual tools specific to international economic relations.

GC8.- Motivation for the search for quality in professional practice and its development.

CG9.- Curiosity for learning new techniques and instruments that are continuously presented in the international world.

CG10.- Written and oral expression skills that can be used in different environments.

CG11.- Ability to use the English language in the search for information and use of resources in English, and in the elaboration and presentation of academic activities.

CB1 - Students have demonstrated knowledge and understanding of an area of study that builds on a foundation of general secondary education, and is typically at a level that, while relying on advanced textbooks, also includes some aspects that involve knowledge from the cutting edge of their field of study.

CB2 - Students can apply their knowledge to their work or vocation in a professional manner and possess the competences usually demonstrated through the development and defense of arguments and problem solving within their field of study.

CB3 - Students can gather and interpret relevant data (usually within their field of study) to make judgements which include reflection on relevant social, scientific, or ethical issues.

CB4 - Students can communicate information, ideas, problems and solutions to both specialist and non-specialist audiences.

CB5 - That students have developed those learning skills necessary to undertake further study with a high degree of autonomy.

Transversal Skills:

CT1.- To acquire techniques and skills related to professional practice, including the application of the appropriate ethical regulations.

CT2.- Know the resources available for accessing information and use them effectively.

CT3.- To acquire oral and written communication skills in modern languages, both in professional environments and in other types of contexts.

CT4.- To understand the ideas and arguments expressed in a foreign language, in writing and orally, both in everyday situations and in professional and specialized contexts.

CT5.- Manage in an advanced way the most frequently used office tools in a professional environment (word processing, databases, and spreadsheets) and advanced use of electronic communication, navigation and data search programs (e-mail and Internet).

CT6.- Design presentations using computer programs and the ability to structure information appropriately and transmit it clearly and efficiently, with a basic knowledge of the functioning of data transmission networks.

CT7.- Know the main techniques of management, conflict resolution, labor selection and motivation of human teams in a work environment with the use of effective strategies in time management.

CT8.- Plan and develop research in a specific field of study, in accordance with the academic and scientific requirements that are specific to it.

CT9.- Know the history of the University of Alcalá, the functioning of European institutions and the historical, social, economic, and cultural reality of European and Latin American countries.

Specific Skills:

CE3.- Acquire skills in the economic analysis of open economies, to understand the handling of the usual concepts and techniques of the theory of international macroeconomics, international trade, and trade policies.

CE9.- Reinforce and/or acquire skills in Mathematical Analysis for Economics.

CE15.- Acquire the ability to analyze, synthesize and critically summarize economic-business information using quantitative tools in the different economic-business fields.

3. SYLLABUS

CONTENTS

INTERNATIONAL MACROECONOMICS

14 theoretical sessions; 14 practice sessions; 2 exams

TOPIC 1: National Income Accounting and the Balance of Payments

The National Income Accounts. National Income Accounting for an Open Economy. The Balance of Payments Accounts.

TOPIC 2: Exchange Rates and the Foreign Exchange Market: An Asset Approach

The Foreign Exchange Market. The Demand for Foreign Currency Assets. Equilibrium in the Foreign Exchange Market. Interest Rates, Expectations, and Equilibrium.

TOPIC 3: Money, Interest Rates, and Exchange Rates

The Equilibrium Interest Rate: The Interaction of Money Supply and Demand. The Money Supply and the Exchange Rate in the Short Run. Money, the Price Level, and the Exchange Rate in the Long Run. Inflation and Exchange Rate Dynamics.

TOPIC 4: Price Levels and the Exchange Rate in the Long Run

Purchasing Power Parity. A Long-Run Exchange Rate Model Based on PPP. Explaining the Problems with PPP

TOPIC 5: Output and the Exchange Rate in the Short Run

Determinants of Aggregate Demand in an Open Economy. The Equation of Aggregate Demand. Output Market Equilibrium in the Short Run: The DD Schedule. Asset Market Equilibrium in the Short Run: The AA Schedule. Temporary Changes in Monetary and Fiscal Policy. Permanent Shifts in Monetary and Fiscal Policy.

TOPIC 6: Fixed Exchange Rates and Foreign Exchange Intervention

Central Bank Intervention and the Money Supply. Stabilization Policies with a Fixed Exchange Rate. Balance of Payments Crises and Capital Flight. Managed Floating and Sterilized Intervention.

TOPIC 7: Financial Globalization: Opportunity and Crisis

The International Capital Market and the Gains from Trade. International Banking and the International Capital Market. Regulating International Banking.

4. TEACHING-LEARNING METHODOLOGIES-PRACTICAL WORK

4.1. Distribution of credits (in hours)

Number of classroom hours: 48	- Number of classroom hours: 45 • Theoretical lectures: 22,5 • Practical classes & seminars: 22,5 - Exams: 3
Number of hours of personal study: 102	Hours of independent study: 102 • Preparation and completion of exercises. • Tutor marked assignments and activities in the virtual platform. • Preparation of exams.
Total hours 150	

4.2. Methodological strategies, materials and didactic resources

Classwork:	✓ Theoretical sessions In these classes the professor, in lecture form, will develop the basic concepts of every topic in the program. These lectures will guide students through the work they need to complete. ✓ Practical sessions In which the professor will develop practical examples of the issues and key concepts studied in theoretical lectures. The main aim of these sessions is to complete case studies on the application of the topics discussed in the theoretical sessions. Whenever possible, these practical classes will be taken place in the computing classroom in order to have access to the data and information online. The instructor will prepare specific material available for the students: collections of exercises, research and economic policy papers and Internet resources. The students will develop part of their work within the virtual platform: Blackboard, which will improve the access to new contents, homework activities and evaluations and will facilitate the interrelationship between the instructor and students.
Autonomous (independent) work:	Students must read and understand the recommended reading material and any other material that may turn out important throughout the course. They also must solve practical activities and exercises set in class, etc.
Tutorials:	Tutorials are optional for students and they can be carried out individually or in groups. Tutorial of consultation hours will be communicated to the students at the beginning of the course.

The students might be required to follow a course at the library (CRAI) to help them develop their skills on the use and management of research data and information.

5. ASSESSMENT: Procedures, assessment criteria and grading system

ASSESSMENT CRITERIA

The assessment criteria for this subject is designed to evaluate the acquisition of general and specific skills and will include both theoretical and practical content covered in class and during the students' personal study.

The student's assessment may follow two possible routes:

1. Continuous assessment along the semester and a re-sit exam (June).
2. A final assessment by a single exam (May) and a re-sit exam (June).

Both alternatives are detailed here forth:

1. Continuous assessment

This assessment requires students to complete ALL following items:

- A. Hand-in assignments, exercises, essay writing, etc. that are constructed as practical learning tools. Student's effort more than success will be valued (20% of the final grade).
- B. Two exams (80% of the final mark). In the first exam (40% of the final mark), topics 1 to 4 will be assessed. In the second exam (40% of the final mark), the whole course will be assessed. These evaluations will assess the student's key knowledge of the main topics of the course.

Students who reach at least 5/10 points in the two exams (see point B above) and continuous assessment weighted grade (A) pass the course and will obtain a grade ranging from Pass to Starred Distinction.

Grading System

Grading scale with numerical and qualitative ratings:

0.0-4.9	Fail (Suspenso)
5.0-6.9	Pass (Aprobado)
7.0-8.9	Merit (Notable)
9.0-10	Distinction (Sobresaliente)
9.5-10	Starred Distinction (Matrícula de Honor) (limited to 5% of students in the standard examination session)

2. Final Assessment

Students who choose the final assessment option for this course must take a final exam in May according to the schedule previously established by the Faculty. This exam will contain theoretical and practical questions. To pass, students must obtain a minimum grade of 5 points.

Re-sit Exam

Students who do not pass the course in May have the option of taking a resit exam in June similar to that described in the Final Assessment section.

Clarifications

For any circumstances not referred to in this course description, the regulations governing learning assessment procedures, which were approved by the Governing Council on March 24th 2011, will be followed. Students must attend all exams bringing their I.D. and the University's Student Card.

During the development of the evaluation tests, the guidelines set out in the Regulations establishing the Rules of Coexistence of the University of Alcalá must be followed, as well as the possible implications of irregularities committed during these tests, including the consequences for committing academic fraud according to the Disciplinary Regulations of the Student Body of the University of Alcalá.

6. READING LIST

Core reading:

Paul R. KRUGMAN, Maurice OBSTFELD y Marc J. MELITZ: *International Economics Theory and Policy 10th Edition. Global Edition BD*, Pearson, 2016.

Further reading:

FEENSTRA R. C. y A. M. TAYLOR: *International Macroeconomics*. 3rd Edition. MacMillan, 2015.

Stephanie Schmitt-Grohe and Martín Uribe. *International Macroeconomic*. First draft, Fall 1998 Last updated: June 25, 2014. Notes:
<http://www.columbia.edu/~mu2166/UIM/notes.pdf>

CAVES, R. E., J. A. FRANKEL, R. W. JONES: *World Trade and Payments: An Introduction*. Prentice Hall, 10^a ed. 2007.

TUGORES QUES, J.: *Economía Internacional*. McGraw-Hill, 2005.

KENEN, P. B.: *The International Economy*. 4^a ed., Cambridge University Press, 2000.

DE GRAUWE, P.: *Macroeconomic Theory for the Open Economy*. Gower, 1983.

MCCALLUM, B.: *International Monetary Economics*, Oxford University Press, 1996.

THOMPSON, H.: *International Economics: Global Markets and International Competition*. 2^a ed., World Scientific, 2006.

A series of readings will be recommended by the instructor so as to feed the discussion of ongoing international macroeconomic issues relying on up-to-date analysis and data.