

# **The University of Oklahoma**

## **College of Continuing Education**

### **Advanced Programs – Course Syllabus**

#### **Course Title:**

International Economics - Finance

#### **Course Number:**

ECON 5633-228

#### **Course Description:**

This course deals with the macroeconomic aspects of the theories and policies of international economics. We will have three related main topics: balance of payments, exchange rates, and macroeconomic policies in an open-economy context. In addition, we will examine the working mechanism of the foreign exchange market and various financial instruments.

A large portion of the class will be devoted to the following questions: What are the exchange rates (spot and forward rates), futures and options? What's the relationship between exchange rates and current account balances? What kind of economic policies can be used to influence the interest rate, exchange rate, national output level, price level, and current and financial account balances? During the process, we will build economic models and use these models to explain various real world phenomena. For example, the students will be frequently reminded of the last twenty years' economic situations, and monetary and fiscal policies. Other examples include the Mexican peso problem at the end of 1994 and early 1995, the Asian, Latin American, and Eastern European and Russian economic and currency crises, the EU financial and economic problems, and the macroeconomic relationship of the U.S. with China.

#### **Class Dates, Location and Hours:**

Dates: July 18 – 23, 2017

Location: Classes held at Building 2784, Room 301, Kapaun Air Station on Vogelweh Air Base.

Hours: Tuesday - Friday 6:00-9:30 pm; Saturday and Sunday 8:30 a.m.-4:30 p.m.

Last day to enroll or drop without penalty: June 19, 2017

#### **Site Director:**

Email: [apramstein@ou.edu](mailto:apramstein@ou.edu). Phone: DSN 480-6807, Civilian 06371-47-6807.

#### **Professor Contact Information:**

Course Professor: Zhen Zhu, Ph.D.

Mailing Address: Department of Economics  
College of Business  
University of Central Oklahoma  
100 N. University Drive  
Edmond, OK 730734

Telephone Number: 405-321-8693

E-mail Address: [zzhu@uco.edu](mailto:zzhu@uco.edu)

Professor availability: The professor will be available via e-mail to students before and after the class sessions. On-site office hours are half an hour before and after each class session, by appointment.

### **Textbook(s) and Instructional Materials:**

Student materials are available at the OU Follett Bookstore located at 1185 Asp Avenue; Norman, OK, and can be ordered online, by phone, by email, or by fax. Ordering online at <http://www.bkstr.com/oklahomastore/home> is strongly recommended – students can track the status of their order within 48 hours. If an order has not been shipped within three days, students can contact the Follett textbook manager by phone (405) 325-3511, (800) 522-0772 (toll-free) or email [0831mgr@fheg.follett.com](mailto:0831mgr@fheg.follett.com). Phone orders (ask for the textbook manager and identify yourself as an Advanced Programs student) can be placed 8 a.m. to 6 p.m. Monday through Thursday; 8 a.m. to 5 p.m. on Friday; 10 a.m. to 4p.m. on Saturday (CST). Summer hours: 9 a.m. to 5 p.m. Monday through Friday (CST). Fax orders can be placed 24 hours a day at (405) 325-7770. Text prices are available online.

Krugman, P., Obstfeld, M., & Melitz, M. (2014). *International economics: Theory and policy* (10<sup>th</sup> ed.). Boston, MA: Addison Wesley. ISBN 9780133423648. There is also a companion book website at <https://www.chegg.com/homework-help/international-economics-10th-edition-solutions-9780133423648?trackid=046c8026&strackid=18a7ea18&ii=3>.

Note: Follett is the Advanced Programs contractual textbook provider. Should text changes become necessary after publication of the course syllabus, Advanced Programs will facilitate text returns/refunds only for texts purchased through Follett.

### **Course Objectives:**

Upon completion of the course, students should be able to understand the economic theories about the determination of national economic activities, and interaction of various macroeconomic variables in the open economy context at a more advanced level; to understand and evaluate the impact of macroeconomic policies on national and international economies; and to thoroughly understand and critically assess the current economic events.

The student will be able to:

1. understand major international financial theories;
2. understand the consequences of macroeconomic policies in an open economy; and analyze international financial issues using a simplified and unified framework.

### **Assignments, Grading and Due Dates:**

#### **Course Outline:**

- I. Introduction
- II. National Income Accounting and Balance of Payments Account
- III. Exchange Rates and Foreign Exchange Market
- IV. Determination of Output, Exchange Rates and Prices in the Short Run and Long Run
- V. Fixed Exchange Rate Systems and Foreign Exchange Intervention
- VI. Comparison of Fixed and Floating Rate Systems
- VII. Optimum Currency Areas and the European Experience

#### **Final Exam:**

There will be a final exam.

#### **Post Seminar Assignment:**

A term paper (15 pages at least, including references and tables and graphs) dealing with international financial issues will account for 30% of the course grade for satisfactory completion. Topics need to be discussed with and approved by the professor. **Due Date: August 13, 2017.**

**Grading:**

This is a letter-graded course: A, B, C, D, or F.

<b>Assignment</b>	<b>Due Date</b>	<b>Percent of Grade</b>
Final Examination	Last day of class	70%
Post Seminar Assignment	<b>August 13, 2017</b>	30%

**Notice:** Failure to meet assignment due dates could result in a grade of I (Incomplete) and may adversely impact Tuition Assistance and/or Financial Aid.

## **POLICIES AND NOTICES**

### **Attendance/Grade Policy**

Attendance and participation in interaction, individual assignments, group exercises, simulations, role playing, etc. are valuable aspects of any course because much of the learning comes from discussions in class with other students. It is expected that you attend all classes and be on time except for excused emergencies.

Excused absences are given for professor mandated activities or legally required activities such as emergencies or military assignments. It is the policy of the University to excuse absences of students that result from religious observances and to provide without penalty for the rescheduling of examinations and additional required class work that may fall on religious holidays. Unavoidable personal emergencies, including (but not limited to) serious illness; delays in getting to class because of accidents, etc.; deaths and funerals, and hazardous road conditions will be excused.

If you are obtaining financial assistance (TA, STAP, FA, VA, Scholarship, etc.) to pay all or part of your tuition cost, you must follow your funding agency/institution's policy regarding "I" (Incomplete) grades unless the timeline is longer than what the University policy allows then you must adhere to the University policy. Students who receive Financial Aid must resolve/complete any "I" (Incomplete) grades by the end of the term or he/she may be placed on "financial aid probation." If the "I" grade is not resolved/completed by the end of the following term, the student's Financial Aid may be suspended making the student ineligible for further Financial Aid.

Students are responsible for meeting the guidelines of Tuition Assistance and Veterans Assistance. See the education counselor at your local education center for a complete description of your TA or VA requirements.

### **Academic Integrity and Student Conduct**

Academic integrity means honesty and responsibility in scholarship. Academic assignments exist to help students learn; grades exist to show how fully this goal is attained. Therefore all work and all grades should result from the student's own understanding and effort.

Academic misconduct is any act which improperly affects the evaluation of a student's academic performance or achievement. Misconduct occurs when the student either knows or reasonably should know that the act constitutes misconduct. Academic misconduct includes: cheating and using unauthorized materials on examinations and other assignments; improper collaboration, submitting the same assignment for different classes (self-plagiarism); fabrication, forgery, alteration of documents, lying, etc...in order to obtain an academic advantage; assisting others in academic misconduct; attempting to commit academic misconduct; destruction of property, hacking, etc...; intimidation and interference with integrity process; and plagiarism. All students should review the Student's Guide to Academic Integrity at [http://integrity.ou.edu/students\\_guide.html](http://integrity.ou.edu/students_guide.html)

Students and faculty each have responsibility for maintaining an appropriate learning environment. All students should review policies regarding student conduct at <http://studentconduct.ou.edu/>

### **Accommodation Statement**

The University of Oklahoma is committed to making its activities as accessible as possible. For accommodations on the basis of disability, please contact your local OU Site Director.

### **Adjustment for Pregnancy/Childbirth-Related Issues**

Should you need modifications or adjustments to your course requirements because of documented pregnancy-related or childbirth-related issues, please contact me as soon as possible to discuss. Generally, modifications will be made where medically necessary and similar in scope to accommodations based on temporary disability. Please see <http://www.ou.edu/content/eoo/faqs/pregnancy-faqs.html>.

## **Title IX Resources**

For any concerns regarding gender-based discrimination, sexual harassment, sexual misconduct, stalking, or intimate partner violence, the University offers a variety of resources, including advocates on-call 24/7, counseling services, mutual no-contact orders, scheduling adjustments, and disciplinary sanctions against the perpetrator. Please contact the Sexual Misconduct Office at [smo@ou.edu](mailto:smo@ou.edu) or (405) 325-2215 (8-5), or the Sexual Assault Response Team at (405) 615 -0013 (24/7) to report an incident. To learn more about Title IX, please visit the Institutional Equity Office's website at <http://www.ou.edu/content/eoo.html>

## **Course Policies**

Advanced Programs policy is to order books in paperback if available. Courses, dates, and professors are subject to change. Please check with your OU Site Director. Students should retain a copy of any assignments that are mailed to the professor for the course. Advanced Programs does not provide duplicating services or office supplies.

Any and all course materials, syllabus, lessons, lectures, etc. are the property of professor teaching the course and the Board of Regents of the University of Oklahoma and are protected under applicable copyright.

For more information about Advanced Programs, visit our website at: <http://www.goou.ou.edu/>

## INSTRUCTOR VITA

Zhen Zhu, Ph.D.

### Education

1994 Ph.D. in International Economics, Macroeconomics, Econometrics, University of Michigan

### Current Positions

- Advanced Programs professor since 1997
- Dr. Michael Metzger Endowed Chair, Professor of Economics, University of Central Oklahoma

### Frequently Taught Advanced Programs Courses

- Economics 5613 International Economics - Trade
- Economics 5633 International Economics – Finance
- Economics 5073 Contemporary Economic Policy and Analysis

### Major Areas of Teaching and Research Interest

- International Financial Market
- Energy Markets (especially natural gas markets)

### Representative Publications and Presentations

- “Controlling for Relevant Variables: Energy Consumption and Economic Growth Nexus Revisited in an EGARCH-M Model”, with Song Zan Chiou Wei, *Energy*, Vol. 109, 391-399, August 2016.
- “A Meta-Analysis of the Energy Consumption-Economic Growth Nexus,” with Song Zan Chiou Wei, *International Journal of Economics and Social Sciences*, April 2015.
- “Forecasting Natural Gas Consumption: China and Japan,” with Chiou Wei Song Zan, Fanbei Zhou, *Asia-Pacific Economic and Management Review*, Vol. 18, No. 1, September 2014, 65-84.
- “Is the Stock Market Sticker Shocked? A Study of Market Response to CAFE Regulations in the U.S.,” with Mariya Berdina, Michael Wright, *Applied Economics*, 2014.
- “The response of U.S. natural gas futures and spot prices to storage change surprises: Fundamental information and the effect of escalating physical gas production,” with Chiou Wei Song Zan and Scott Linn, *Journal of International Money and Finance*, 2014, Vol. 42, 156-173.
- “An Economic Analysis of Wind Generation Capacity,” *International Journal of Economics and Social Sciences*, with Joe Johnson and Cody Woods, Spring, 2013
- “The Equivalent Risk Standard and Allowed ROEs in the Gas and Electric Utility Industries,” with Don Murry and Mike Knapp, *Journal of Applied Economics and Policy*, 2011, Volume 30, Number 1, 47-60.
- “The Roles of Speculation and Fundamentals in Commodity Markets: The Case of U.S. Natural Gas Market,” with Mengzhu Ji, Hai Lin, *Review of Futures Markets*, 2011, Volume 19, Issue 3, 217-246.
- “Price Dispersion in a Model with Middlemen and Oligopolistic Market Makers: A Theory and an Application to the North American Natural Gas Market,” with J.D. Ju, Scott Linn, *Journal of Economic and Management Strategies*, Volume 19, Number 1, Spring 2010, 1–23.
- “An Empirical Examination of the Impacts of Natural Gas Prices and LNG Transport Costs on the Dynamics of LNG Import Demand,” with Don Maxwell, forthcoming in *Energy Economics*.
- “Stock Market Volatility and Commission Deregulation: Further evidence from Japanese Stock Markets,” with Shinhua Liu, *Journal of Financial Services Review*, August 2009, V 36, issue 1, 65-83.
- “Government Size and Economic Growth: An Application of the Smooth Transition Regression Model,” with Chiou Wei Song Zan and Yung-Hsing Kuo, *Applied Economics Letters*, 2010, Vol.17, 1405–1415
- “GDP Growth and Energy Consumption Revisited: Evidence from Linear and Nonlinear Granger Causality,” with Song Zan Chiou Wei and Ching-Fu Chen, *Energy Economics*, Volume 30, Issue 6, November 2008, Pages 3063-3076.

- “A revisit to the outward FDI determinants: further evidence from count panel data models with fixed effects,” with Song Zan Chiou Wei, *Applied Economic Letters*. August-October 2007, v. 14, issue 10-12, pp. 809-12.
- “Volatility Impact of Political and Economic Events on Stock Prices: Empirical Evidence from Taiwan,” with Song Zan Chiou Wei, *India Economic Journal*, Vol. 55, Number 3, Oct-Dec 2007, page 24-39.
- “Commodity convenience yield and risk premium determination: the case of the U.S. natural gas market,” *Energy Economics*, 2006.
- “Asymmetric Price Responses, Market Integration and Market Power: A Study of the U.S. Natural Gas Marke,” with Don Murry, *Energy Economics*, Vol. 30, page 748-765, 2008.
- "Storage Announcement and Natural Gas Futures Market Volatility," with Scott Linn, *Journal of Futures Market*, March 2004, v. 24, iss. 3, pp. 283-313.
- “EnronOnline and Informational Efficiency in the U.S. Natural Gas Market,” with Don Murry, *The Energy Journal*, v. 25, iss. 2, 2004 57-74.
- “Equality of Interest Rates Revisited: The Multi-Country Evidence,” with Chiou Wei Song Zan, *International Economic Journal*, June 2004, v. 18, iss. 2, pp. 245-57.
- “Sri Lanka's Experiment with Devaluation: VAR and ECM Analysis of the Exchange Rate Effects on Trade Balance and GDP,” with De Silva, Dakshina G.; *International Trade Journal*, Winter 2004, v. 18, iss. 4, pp. 269-301.
- "Time-Varying Forward Bias and Expected Excess Returns," *Journal of International Financial Markets, Institutions and Money*, 2002.
- “Sources of Export Fluctuations: Empirical Evidence from Taiwan and South Korea, 1981-2000”, with Chiou Wei Song Zan, *Journal of Asian Economies*, 2002.

#### **Representative Honors and Awards Received**

- Transformative Learning Scholar, UCO 2014 to present
- Barnabas Fellow, UCO, 2011-2012
- McGraw-Hill/Irwin Distinguished Paper Award, Southwest Society of Economists, 2006
- Exemplary Service Award, UCO Economics Department, 2004
- Faculty Research Merit Award, UCO, 2003, 2007, 2011
- Distinguished Researcher of the Year, College of Business, UCO, 2002
- Research Fellow, Financial Research Institute, University of Missouri, 2001, 2002
- Hauptman Fellow for Research Excellence, UCO, 2001