Universidad de Navarra

Topics in Economics and Finance III (MEF)

Guía docente 2025-26

PRESENTATION

Any Topics in Economics and Finance course is optional. Therefore, the information available on this webpage is valid for this academic year, though it may change in subsequent academic years.

GENERAL INFORMATION

- **Type of degree**: Master in Economics and Finance
- **Module/Subject matter**: Module II/Matter: 2.1 Topics in Economics and Finance
- **ECTS**: 3.5 (87.5 hours of work)
- **Year, semester**: 2025/2026, Spring
- **Professors**: Mirko Abbritti and Tommaso Trani
- **Professors' emails, office and office hours**: See *Office Hours* in what follows
- **Language**: English
- **Time, venue**: See the timetable of the master (link to the web)
- **Prerequisite knowledge and skills**: Please contact the instructor if you have not yet taken these or similar courses

*Special education needs: students with special needs should contact the professors of the course.

LEARNING OBJECTIVES

This course will provide the tools to analyze macroeconomic policies and the international transmission of economic fluctuations in open economies. The course is divided into two parts. The first part studies monetary policy models. It starts with a brief introduction on the state of macroeconomics after the Great Recession. It continues with an analysis of the Lucas' Island Model, dynamic inconsistency issues and the optimal choice of policy instruments. The next step is the study of the New Keynesian model and of the current directions of research. The second part of the course provides an introduction to open economy models. It covers the process of international financial adjustment, the international business cycles, models of crises and the analysis of policy interventions, referring to recent research advancements.

LEARNING OUTCOMES (Competencies)

Understand monetary policy models.

Understand New Keynesian model.

Understand the role of different exchange rate polices for monetary and fiscal policy in a small open economy.

Understand international real business cycle theory.

Understand currency crisis models.

Analyze macroeconomic policies and the international transmission of economic fluctuations in open economies.

Universidad de Navarra

General Competencies

CG1) Train high-level specialists in both economic theory and finance

CG2) Provide students with the appropriate and necessary mathematical and econometric techniques for both theoretical and empirical work in the fields of economic theory and finance.

CG3) Familiarize students with research fields and the most relevant literature in economic theory and finance

CG4) Develop students' critical capacity towards economic or financial phenomena and enhance their communication skills.

CG5) Provide students with the basic theoretical foundations to start doctoral studies in economics or finance.

Specific Competencies

CE1) Study the main concepts and techniques of mathematical analysis, probability, and statistics required in the areas of economics and finance.

CE3) Appropriately use econometric techniques employed in the analysis of microeconomic data and in the analysis and modeling of financial time series.

CE4) Handle the main statistical and econometric programs used in the areas of economics and finance.

PROGRAM (COURSE OUTLINE)

PART I: MONETARY ECONOMICS

a) Introduction: the state of macroeconomics and rational expectations

b) The Lucas' Island Model, Dynamic Inconsistency Issues and the Optimal Choice of Policy Instruments

c) A workhorse model for monetary analysis: The New Keynesian Model

d) Extensions and Current Directions of Research

PART II: OPEN MACROECONOMICS

a) Open Economy Fiscal and Monetary Policy under Different Exchange Rate Regimes

b) International Real Business Cycle Models

c) Balance-of-Payments Crises

TEACHING METHODOLOGY

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The objective of the lectures will be to explain the various theories, the main economic issues addressed by each of them and the required analytical tools. The emphasis put on each of these three components will vary with the topic at hand. However, a good grasp of the methods currently used in macroeconomic analysis forms an essential part of the course.

Lecture notes. We will distribute slides or notes for each of the subject areas in the outline. For the most technical material, students will receive some handouts as well.

Problem sets. There will be problem sets. Working on these problem sets is useful to apply the techniques seen during the lectures and understand the key assumptions of models and theories. Group work and discussion are strongly encouraged. However, each student should hand in his or her own individual solution to any problem sets. Personal reasoning and attempts are important ingredients not only for the homework and the final exam, but also for each student's future professional achievements.

FINAL EXAM

See the timetable of the master.

TIME DISTRIBUTION

As for any course attributing 3.5 ECTS credits, students' workload is expected to be of about 87.5 hours. An indicative distribution of this preparation time is as follows:

- Lectures (20 hours): students will take notes and use material made available through ADI
- Review sessions (10 hours): students will learn the techniques and methods
- Personal and team work (54 hours): study of the theory, solution of problem sets, clarifications during the office hours
- Evaluation (3.5 hours)

EVALUATION AND GRADING

REGULAR EXAM

Grades will be based on:

- the final exam (70%)
- the problem sets (30%).

RESIT EXAM

The regular percentages will always apply. That is, in case a resit exam is needed, we will adopt the same weights as for the regular examination: 70% and 30%, respectively.

HONESTY IS THE BEST POLICY

(Ethics Committee Provisions Against Plagiarism and Copying)

Universidad de Navarra

We value honesty. Without it, there can be no trust or any meaningful social relations.

Therefore, the school expects honesty and fairness from all of its members: professors, non-academic staff, and students.

Dishonest behaviors will be sanctioned by the university regulations regarding academic discipline and include lying, cheating in exams, and plagiarism in written work. We take such violations seriously. Depending on their gravity, these offenses will be dealt with by the professor in charge of the subject, by the Dean of Students, and, in very severe cases, by the Vice President for Student Affairs.

Sanctions include:

- formal warnings
- prohibition from entering University premises for a given period
- loss of admission rights to exams
- loss of scholarships
- a failing grade for the piece of work or the whole course.

OFFICE HOURS

Mirko Abbritti (mabbritti@unav.es)

- Office: NCID Universidad de Navarra. Edificio Bibliotecas. Floor: 2.
- Office hours: by appointment.

Tommaso Trani (ttrani@unav.es)

- Office 2240. Edificio Amigos. Floor: 2, "hilera".
- Office hours: by appointment.

BIBLIOGRAPHY

David Romer (2006), *Advanced Macroeconomics*, McGraw Hill. Find it in the library.

Jordi Gali (2008), *Monetary Policy, Inflation and the Business Cycle*, Princeton University Press. Find it in the library

Maurice Obstfeld and Kenneth Rogoff (1996), *Foundation of International Macroeconomics*, MIT Press Find it in the library

Stephanie Schmitt-Grohe and Martin Uribe (2007) *Open Economy Macroeconomics*, Princeton University Press.

Stephanie Schmitt-Grohe, Martin Uribe and Michael Woodford, *International Macroeconomics*, textbook manuscript under preparation, most recent version.

Notes: during the lectures we will use or cite various articles. For convenience, these are not listed here but in a portable syllabus, which is in the intranet. The syllabus indicates as well the specific sections of the books that are either required or suggested to complement the

lecture notes. Moreover, in case you need to consult different editions and have doubts, please ask the professors for suggestions. Do so also in case you have doubts regarding other books or papers you wish to use.