

ECO 466 H1F: Empirical Macroeconomics and Policy

Fall 2018

Department of Economics, University of Toronto

Instructors: Prof. Serdar Ozkan, GE 230, serdar.ozkan@utoronto.ca

Prof. Martin Burda, GE 234, martin.burda@utoronto.ca

TA: Paul Han, p.han@mail.utoronto.ca

Lectures: Tuesday and Thursday 10:00 am – 12:00 pm (September 6 – October 11)

Location: KP 113

Course Description

This course builds on material covered in ECO208, ECO325H1, and ECO374/375/475. Students will increase their data literacy and learn how to apply techniques to address policy issues. Topics covered will include: how monetary policy is conducted, ways in which the central banks use general equilibrium models, and basic techniques for predicting key macroeconomic variables. As part of the course, students will follow current global issues and will forecast how the domestic and international events may alter the Bank of Canada's monetary policy in the short run.

Course Structure

The course runs through the first half of the fall semester only. In addition to individual tasks, students will be divided into groups of five and work towards a Group Report. Following the conclusion of the course, five students will be selected from the top two groups to participate in the Bank of Canada (BoC) competition “Governor’s Challenge” (<http://www.bankofcanada.ca/research/governors-challenge/>) which takes place in two rounds: round 1 via Skype from Toronto in November and, if the team successfully passes to the next round, round 2 at the BoC premises in Ottawa in the winter (usually January or February). This will require extra time commitment above and beyond the scope of the course. By enrolling in this course students agree to take part in the BoC competition should they be selected.

Previous Training

Prerequisites: ECO208Y1(70%)/ ECO209Y1(70%)/ ECO202Y1(75%)/ ECO325H1(70%),
ECO374H1(70%)/ ECO375H1(70%)

Recommended: ECO325 or ECO425, ECO475

The prerequisites are checked by the administration of the Department of Economics and students will be removed from the course list if the prerequisites are not met.

Software

We will use Stata for empirical analysis of macroeconomic models. Basic familiarity with Stata is assumed.

Evaluation

The final grade is based on the following:

| Task | Weight | (Due) Date |
|---------------------------|--------|--------------------|
| Term Test | 50 % | October 11 |
| Group Report | 15 % | October 9 |
| Group Report presentation | 15 % | October 9 |
| Participation | 10 % | Through the course |
| Econometrics Assignment | 5% | September 27 |
| Macroeconomics Assignment | 5% | October 2 |

- Students who miss the Term Test will receive a zero grade for it, unless a medical note is received by the instructors within one week of the missed test explaining why the test was missed.
 - The note must be provided using the University of Toronto medical certificate;
 - The note must state that on the date of the test, the student was too sick to write the test.
 - It is an academic offence to feign illness to avoid a test.
- If a student has been excused from the Term Test on medical grounds, they will be permitted to write a Make-up Test.
 - The Make-up Test will be worth the value of the Term Test.
 - Consistent with university policy, there is no “make-up” test for the Make-up Test. Grade of zero will be applied if the Make-up Test is requested but missed.
- If students wish to appeal a Term Test or Make-up Test grade, they must provide a written explanation of why they believe their grade is mistaken, and submit it to the instructors within one week of the test being returned to the class.
- Participation in the course work and group discussions enters as a graded component.

Additional problem sets or assignments may be given out throughout the course. These will not be graded, but serve to prepare students for the graded test, assignments and the BofC competition.

Use of Material

By enrolling in this course, the students agree that any material they submit as part of their Assignments or Group Report, or any ideas generated by them during the course, may be used by other students during participation in the “Governor’s Challenge” Bank of Canada competition. All students in the course thus contribute to a team endeavor to represent the University of Toronto at the national stage.

Accessibility

For accessibility accommodation see <http://studentlife.utoronto.ca/accessibility>.

Tentative Course Schedule

| Day | Month | Date | Instructor | Topic | Assignment |
|-----|-------|------|----------------------------|--|-----------------------------|
| Thu | Sep | 6 | Prof. Ozkan Prof. Burda | a) Introduction to macro b) Outline | |
| Tue | Sep | 11 | Prof. Burda | a) VAR b) VAR | |
| Thu | Sep | 13 | Prof. Burda | a) VAR Case Study b) VAR Case Study | Econometrics Assignment out |
| Tue | Sep | 18 | Prof. Ozkan | a) Theory behind Monetary Policy b) 3-equation NK Model | |
| Thu | Sep | 20 | Prof. Ozkan | a) BoC ToTEM II DSGE Model b) BoC ToTEM II DSGE Model | Macro Assignment out |
| Tue | Sep | 25 | Prof. Ozkan | a) Extensions to Basic Model-I b) group work | |
| Thu | Sep | 27 | Prof. Burda | a) VAR discussion b) group work | Econometrics Assignment due |
| Tue | Oct | 2 | Prof. Ozkan | a) Extensions to Basic Model-II b) group work | Macro Assignment due |
| Thu | Oct | 4 | Prof. Burda | a) VAR discussion b) group work | |
| Tue | Oct | 9 | both | Group Report presentations | Group Report due |
| Thu | Oct | 11 | T.A. | a) Term Test (macro part) b) Term Test (metrics part) | |