



B.E. International Program

Faculty of Economics, Thammasat University



Course Syllabus

EE 452 International Monetary Economics

Semester 2/2021 (January 10 - May 7, 2022)

Number of credits: 3 credits (3-0-6)

Lecture Time: Wednesdays and Fridays, 08.00 – 09.30 hours

Lecture Venue: Faculty of Economics/Online (Zoom)
Personal Meeting ID: 4845198880
Passcode 12345

Instructor: Assoc. Prof. Dr. Juthathip Jongwanich

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Enrollment key 1256

Prerequisite: EE312

Course Description:

This course provides fundamental basis for understanding international financial economics and its application to the real-world analysis. Major topics include the balance of payments and its adjustment mechanism; foreign exchange markets; exchange rate determinations, aggregate demand and aggregate supply, price levels and output and exchange rates in the short-run and the long-run; international capital flows; evolution of international monetary system; international monetary problems and financial crises encountered by developing countries, Thailand and the rest of the world. In addition, other special topics such as the roles of the central bank, current financial crises and up-to-date international macroeconomic issues will also be discussed.

Course Objectives:

The course aims at laying down the basic concepts of international monetary economics so that students can understand and analyze the complexities of worldwide international finance and economic issues. It first portrays the components of the balance of payments and then goes on to explain exchange rate system, foreign exchange market, capital markets, and how it is interconnected with rest of the economy. There will be theoretical applications to the real-world scenarios for all topics.

Evaluation:

Mid-term exam	30%
Final Exam	40%
Group Report/Presentation	15%
Individual assignment/Class Attendance/Quiz	15%

Main Textbook:

Krugman, P.R., M. Obstfeld., M. J. Melitz (2015), *International Economics: Theory and Policy*: tenth edition, Pearson

Montiel, P.J. (2009), *International Macroeconomics*, Wiley-Blackwell, Sussex

Sodersten, B. and G. Reed (1994), *International Economics: Third edition*, Macmillan, p. 512-24

Recommended Articles:

Jongwanich, J. (2019), 'Capital Controls in Emerging East Asia: How do they affect investment flows?: How do they affect investment inflows?'

Jongwanich, J. (2017), *Capital Mobility in Asia, Causes and Consequences*, ISEAS Publisher

Jongwanich, J. (2013), Capital Flows and Real Exchange Rates in Emerging Asian Countries, *Journal of Asian Economics*, 24: 138 - 146 (with A. Kohpaiboon)

Jongwanich, J. (2012), Effectiveness of Capital Account Policies: Evidence from Thailand, *Asian Development Review*, 29 (2): 50-93 (with A. Kohpaiboon)

Jongwanich, J. (2010), Determinants of Export Performance in East and Southeast Asia', *World Economy* 33 (1): 20-41.

James, W., etc. (2008) The US Financial Crisis, Global Financial Turmoil, and Developing Asia: Is the Era of High Growth at an End?, *ERD Working Paper* No. 139, Economics and Research Department, Asian Development Bank

Grading

Grading will be based on each student's total scores as well as relative scores within the class. The minimum score to pass the course is 40 (out of 100) whereas grade A will be given to students who obtain a score of at least 85 (out of 100).

Grade	A	85 and over
	B+	} Based on the distribution of students' scores
	B	
	C+	
	D+	
	D	
	F	less than 40

Class Schedule

No.	Topic/Activities	Documents	Note
1	1.1 Balance of Payments and its components 1.1.1 Current account 1.1.2 Capital/Financial account 1.1.3 Implications drawn from balance of payments	Montiel (2009): Ch 2; Krugman et.al (2015) Ch.13	Some parts are only in the lecture note
2	2. Exchange rate 2.1.1 Exchange rate system	Annual report on exchange arrangements and exchange restrictions, IMF (2014): p. 1, 69-71;	Some parts are only in the lecture note
3	2.1.2 Exchange rate measurements - Nominal effective exchange rate - Real effective exchange rate	Montiel (2009): Chp 3; Krugman et.al (2015) Ch.14: 374-84	Some parts are only in the lecture note
4	2.1.3 Models: exchange rate determination 2.1.3.1 Foreign exchange market	Krugman et.al (2015) Ch.14: 374-84	Some parts are only in the lecture note

No.	Topic/Activities	Documents	Note
5	2.1.3.2 Demand and Supply approach - Marshall-learner condition - J-Curve effect	Sodersten and Reed (1994): p. 512-24	
Mid Term Examination: Friday, March 4 2022 09.00 - 11.00 am			
6	2.1.3.3 Financial Asset Approach - Uncovered/Covered Interest Parity - Money/Interest Rate/Exchange Rate (short-run/long-run)	Krugman et.al (2015) Ch.14,15	
7	2.1.3.4 Output and Exchange Rate Model	Krugman et.al (2015) Ch.17	
8	3 Law of One Price and Purchasing Power Parity-PPP) 3.1 Concepts 3.2 Problems relating to PPP 3.3 Determinants of Long-run (real) exchange rate	Krugman et.al (2015) Ch.16; Jongwanich (2008)	Some parts are only in the lecture note
9	4. Exchange Rates vs Key Economic Variables 4.1 Exchange rate and trade	Jongwanich (2010)	
10	4.2 Exchange rate and financial account 4.2.1 Foreign direct investment 4.2.2 Other form of capital flows 4.3 Exchange rate pass-through	Jongwanich (2009, 2011, 2012, 2013)	Some parts are only in the lecture note
11	5. Macroeconomic Model 5.1 Macroeconomic Model Setting	Montiel, 2009: Ch 4	
12	5.2 Fixed Exchange Rate and Perfect Capital Mobility	Montiel, 2009: Chs 6: p.130-145	
13	5.3 Fixed but Adjustable Exchange Rate and Imperfect Capital Mobility 5.4 Floating Exchange Rate and Perfect Capital Mobility	Montiel, 2009: Ch.7, and Ch. 8: p.177-187	
14	6. Currency Crisis 6.1 First generation	Krugman, 2015: Ch.22 and James,	Some parts are only in the

No.	Topic/Activities	Documents	Note
	6.2 Second generation 6.3 Third generation 6.4 Asian financial crisis 6.5 Global financial 2008-09 and impacts on Asian countries 6.6 Latin American crisis	W., etc. 2008	lecture note
Final Examination: Sunday, May 22, 2022			
9.00 am - 12.00			

Method of Instruction: There are total of 45 class-hours for this course or 3 hours per week. Class activities include lectures, discussions and presentations. Students are expected to work on group presentations, and participate in class discussions

Semester 2/2021 (January 10 – May 7, 2022)	
Classes Begin	January 10, 2022
Add-drop period	January 17 - 20, 2022 <i>(from 9.00 AM of January 17 to 10.30 PM of January 20)</i>
Tuition Fee Payment Period	7 December, 2021 - January 23, 2022 <i>(9 AM - 10.30 PM)</i>
<i>Makha Bucha Day*</i>	<i>February 16, 2022</i>
Mid-term Examination Period	February 28 - March 5, 2022
Withdrawal period with "W" on record	March 14 - April 25, 2022 <i>(from 9.00 AM of March 14 to 10.30 PM of April 25)</i>
<i>Chakri Memorial Day*</i>	<i>April 6, 2022</i>
<i>Songkran Festival Day*</i>	<i>April 11 - 17, 2022</i>
<i>Coronation Day*</i>	<i>May 4, 2022</i>
Last day of class for Semester 2/2021	May 7, 2022
Final exam period	May 9 - 12, 17 - 25, 2022
<i>Royal Ploughing Ceremony Day*</i>	<i>May 13, 2022</i>
<i>Visakha Bucha Day*</i>	<i>May 15, 2022</i>
<i>Substitution for Visakha Bucha Day*</i>	<i>May 16, 2022</i>

Remark * Holiday, No classes during this period