B.E. International Program
Faculty of Economics, Thammasat University

Course Syllabus

EE 452 International Monetary Economics

Semester 1/2023 (July 15 - December 4, 2023):

Number of credits: 3 credits

Lecture Time: Wednesdays, 09.00 – 12.00 hours

Lecture Venue: Room 203, 2rd floor, Faculty of Economics

Instructor: Assoc. Prof. Dr. Juthathip Jongwanich

Office: Room 515, Faculty of Economics, Tha Prachan Campus

Email: juthathip@econ.tu.ac.th

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	15-20%
Individual assignment/Class Attendance/Quiz	10-15%

Main Textbook:

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

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

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

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).

A = 4.0 (85-100)   B+ = 3.5 (75-84)

B = 3.0 (70-74)   C + = 2.5 (65-69)

C = 2.0 (60-64)   D+ = 1.5 (50-59)

D = 1.0 (40-49)   F = 0 (0-39)

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 1.1.4 Implication of trade war / COVID / tech war	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 (2021): p. 1-17	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): Ch 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
5	2.1.3.2 Demand and Supply approach - Marshall-learner condition	Sodersten and Reed (1994): p. 512-24	

No.	Topic/Activities	Documents	Note
Mid Term Examination: Wednesday, October 4, 2023; 09.00 - 11.00 hrs.			
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. Determinants of real exchange rate	Jongwanich (2013)	Some parts are only in the lecture note
10	5. Exchange Rates vs Key Economic Variables 5.1 Exchange rate and trade 5.2 Exchange rate pass-through	Jongwanich (2010)	Some parts are only in the lecture note
11	6. Macroeconomic Model 6.1 Macroeconomic Model Setting	Montiel, 2009: Ch 4	
12	6.2 Fixed Exchange Rate and Perfect Capital Mobility	Montiel, 2009: Ch 6: p.130-145	
13	6.3 Fixed but Adjustable Exchange Rate and Imperfect Capital Mobility 6.4 Floating Exchange Rate and Perfect Capital Mobility	Montiel, 2009: Ch.7, and Ch. 8: p.177-187	
14	7. Crises 7.1 Asian financial crisis 7.2 Global financial 2008-09 and impacts on Asian countries 7.3 COVID-19 and Russia-Ukraine War	Krugman, 2015: Ch.22 and James, W., etc. 2008	Some parts are only in the lecture note
Final Exam: Saturday, December 16, 2023; 09.00 - 12.00 hrs.			

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 1/2023 (August 15 – December 4, 2023)	
the TU Office of the Registrar (TU REG) will process the registration (semester 1/2023) for all BE students who have completed the pre-registration via BE Portal.	July 17 – 20, 2023
Tuition Fee Payment Period (Via TU Greats App)	July 21 – August 11, 2023
Create Plan from Quota via TU Greats App (*ID.66)	August 1 - 9, 2023
Registration via TU Greats App (*ID.66)	August 10, 2023
Classes Begin	August 15, 2023
Add-drop period	August 15 – 28, 2023 *(from 9.00 AM of August 15 to 10.30 PM of August 28)*
Tuition Fee Payment Period (Via TU Greats App)	August 15 – 29, 2023 *(9 AM - 10.30 PM)*
Mid-term Examination Period	October 1 – 7, 2023
*H.M. King Bhumibol Adulyadej The Great Memorial Day**	*October 13, 2023*
*King Chulalongkorn's Day**	*October 23, 2023*
Withdrawal period with “W” on record	September 4 – October 22, 2023 *(from 9.00 AM of September 4 to 10.30 PM of October 22)*
Special Withdrawal with “w” on record	October 24 – November 20, 2023
Last day of class for Semester 1/2023	December 4, 2023
Final exam period	December 12 – 23, 2023
*H.M. King Bhumibol Adulyadej The Great’s Birthday**	*December 5, 2023*
*Constitution Day**	*December 10, 2023*
*Substitution for Constitution Day**	*December 11, 2023*
Submitting Forms for Degree Conferral	August 15 – 28, 2023