

Topics in International Macroeconomics and Finance

Macroeconomics of Exchange Rates

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1 Definitions and Facts. Background reading

1. Obstfeld, M., and K. Rogoff (2001): “The Six Major Puzzles in International Macroeconomics: Is There a Common Cause?,” in NBER Macroeconomics Annual 2000, vol. 15, pp. 339–390.
— with comments by Charles Engel.
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4. Itskhoki, O. (2021): “The Story of the Real Exchange Rate,” *Annual Review of Economics*, vol. 13, forthcoming.
5. Eichenbaum, M. S., B. K. Johansson, and S. T. Rebelo (2021): “Monetary policy and the predictability of nominal exchange rates,” *The Review of Economic Studies*, forthcoming.

2 International Relative Prices

2.1 PPP hypothesis, non-tradables, home bias

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2. Engel, C. (1999): “Accounting for U.S. Real Exchange Rate Changes,” *Journal of Political Economy*, 107(3), 507–538.
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4. Burstein, A. T., M. Eichenbaum, and S. Rebelo (2005): “Large Devaluations and the Real Exchange Rate,” *Journal of Political Economy*, 113(4), 742–784.
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2.2 Variable markups and pricing to market

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2. Fitzgerald, D., and S. Haller (2013): “Pricing-to-Market: Evidence From Plant-Level Prices,” *Review of Economic Studies*, 81(2), 761–786.
3. Amiti, M., O. Itskhoki, and J. Konings (2019): “International Shocks, Variable Markups and Domestic Prices,” *Review of Economic Studies*, 6(86), 2356–2402.
4. Itskhoki, O., and D. Mukhin (2017): “Exchange Rate Disconnect in General Equilibrium,” NBER Working Paper No. 23401.
5. Gopinath, G., and O. Itskhoki (2011): “In Search of Real Rigidities,” in *NBER Macroeconomics Annual 2010*, vol. 25, pp. 261–310.
6. Alessandria, G., J. P. Kaboski, and V. Midrigan (2010): “Inventories, Lumpy Trade, and Large Devaluations,” *American Economic Review*, 100(5), 2304–39.

2.3 Foreign-currency price stickiness

1. Chari, V., P. J. Kehoe, and E. R. McGrattan (2002): “Can Sticky Price Models Generate Volatile and Persistent Exchange Rates?” *Review of Economic Studies*, 69(3), 533–63.
2. Kehoe, P. J., and V. Midrigan (2008): “Sticky Prices and Sectoral Real Exchange Rates,” Working Paper, NYU.
3. Carvalho, C., and F. Nechio (2011): “Aggregation and the PPP Puzzle in a Sticky-Price Model,” *American Economic Review*, 101(6), 2391–2424.
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5. Itskhoki, O., and D. Mukhin (2019): “Mussa Puzzle Redux,” Working Paper, UCLA.
6. Gopinath, G., and O. Itskhoki (2010): “Frequency of Price Adjustment and Pass-through,” *Quarterly Journal of Economics*, 125(2), 675–727.
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2.4 Currency of pricing and dominant currencies

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3 Exchange Rates in General Equilibrium

3.1 International risk sharing and expenditure switching

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3.2 Intertemporal budget constraint and monetary policy

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