



**UNIVERSITY OF IOANNINA
DEPARTMENT OF ECONOMICS**

Course outline “International Monetary Relations and Macroeconomics of Open Economy”

Purpose

The subject matter of the course is, broadly speaking, concerned with the monetary and macroeconomic relations between countries.

Syllabus

The course covers the following topics:

- The foreign exchange market (definition of exchange rates, importance of exchange rates, types of exchange rates, the foreign exchange market, arbitrage in FOREX markets, types of currency transactions, market equilibrium exchange rates, alternative exchange rate regimes).
- Parities in international economics (Purchasing Power Parity, Covered Interest Parity and Uncovered Interest Parity).
- Balance of payments (BoP accounting, BoP accounts, what is a BoP surplus or deficit, twin deficits, elasticity and absorption approaches to BoP).
- Optimum currency areas (Benefits and costs of currency areas, criteria, Economic and Monetary Union, is Europe an OCA?).

Learning Objectives

By the end of the course, students will be able to demonstrate a body of knowledge that includes:

- the understanding of the most important determinants of exchange rates,
- the underlying linkages between exchange rates and Balance of Payments,
- the prerequisites for an optimum currency area.

Evaluation

Written exams at the end of the semester. Language of evaluation: English.

European Credit Transfer and Accumulation System (ECTS)

6 credit units

Indicative Reading:

1. Keith Pilbeam, International Finance
2. Baldwin & Wyplosz, Economics of European Integration

Instructor

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