

Money, Credit and Finance

Geld, Kredit und Finanzierung

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Overview

- comprehensive introduction to various topics in monetary macroeconomics, from both a theoretical and empirical perspective
- specialization consists of two parts:
 - ▶ lecture based course (6161 PI), and a
 - ▶ research and policy seminar (5712 PI)
- students of our "old MA" program are strongly advised to follow (but not take the course for credit) the first couple (6?) lectures of the course "5709 PI: Advanced Macroeconomics II" as the course assumes some prior knowledge of material covered there

the lecture based part covers the following topics (selected):

- lectures on **macroeconomic theory** in the area of money, credit and finance: review of the baseline New Keynesian model and simple extensions; extensions of the NK model with a ZLB; a brief introduction into macroeconomic model with financial frictions (Bernanke, Gertler and Gilchrist (BGG, 1999) and Kiyotaki and Moore (1997) workhorse models), recent model application in response to the Great Recession: financial frictions macro-model with explicit credit (i.e. unconventional) policy (e.g. Gertler and Karadi (JME, 2011) paper on unconventional monetary policy)
- lecture on **empirical applications** in the area of money, credit and finance: review of VAR methods, macroeconometrics, discussion of relevant applications, focus will be on small-scale vector autoregressions to analyze the impact of monetary policy shocks on the real economy, methodological aspects (non-linearities in the underlying transmission channels, for instance), inflation forecasting

in **the research and policy seminar part** of the course, students gain hands-on-experience through an independent research project

- includes some additional lectures with focus on the methods students will need for their projects
- applied approach: provision, discussion, and adoption of codes to replicate/develop own research questions (Matlab codes on Bayesian estimation of workhorse DSGE models, Matlab or R codes on small-scale VAR applications)
- includes seminar thesis and presentation
- strong seminar theses can be extended to MA theses

some examples of independent research project from the summer term 2018 instalment of the course:

- The Impact of Monetary Policy during the Economic Crisis in the Euro Area
- Measuring the effect of unconventional monetary policy in the US. A FAVAR Approach
- Interconnectedness in the Austrian Financial Market
- Uncertainty shocks in the European Union and their effects on selected countries
- Commodity Prices and the Business Cycle in resource-dependent Economies

some examples of independent research project from the summer term 2019 instalment of the course:

- Replication project: When Is the Government Spending Multiplier Large?
- SVAR and SVECM Analysis of Euro Area monetary policy transmission using the Area Wide Model dataset
- A Regime Switching Approach for Financial Crisis Analysis
- Does the of policy shocks depend on financial markets stress?

Grading

Requirements for first lecture-based seminar part:

- 1 Active class participation
- 2 Final Exam after both lecture parts
- 3 Presentation

Requirements for reserach and policy seminar part:

- 1 *Mid-term presentation* that covers the main research ideas, outline of the term paper and the modeling framework
- 2 *End-term presentation* in June that should briefly summarize the main findings of the term paper
- 3 Term paper (approximately 15 pages)