Overview

The module covers a selection of topics based on recent macroeconomic research developments and areas of macroeconomic expertise in the department. Topics and teachers change from year to year. In the year 2016-17, the module will focus on setting up, solving and estimating dynamic stochastic general equilibrium (DSGE) models, and their use in the context of (optimal) macroeconomic policy analysis.

Aims

The module aims to provide research students with the skills necessary to understand and undertake theoretical and applied research in macroeconomics in preparation for writing their thesis.

Objectives

After the completion of the autumn term, the module participants should be able to formulate an optimal policy problem, apply a generic method to a range of models, including a simple model of a New Keynesian economy, solve approximations to optimal policy problems analytically, use Matlab to obtain a second-order accurate solution to an optimal policy problem and interpret the results of optimal policy exercises. In addition, after the spring term, the students should be able to conduct their own estimation of linear DSGE models using Dynare, and solve as well as estimate indeterminate DSGE models.

Assessment

There will be two small research projects at the end of each term carrying equal weight in the final mark.

Should a reassessment be needed you will be given a new topic chosen by the module lecturers and asked to write two small research projects (the same as in the summer). The deadline for resubmission is Monday 14th August 2017.

Main References

A detailed list of supporting references will be provided by the lecturers for each lecture. In addition to journal articles, the following textbook will be very useful for those wishing to gain a detailed understanding of policy analysis in New Keynesian framework: