

University of St Gallen  
Autumn Semester 2011

Course Outline

## Empirical Macroeconomics

Dr. Marcel R. Savioz, Swiss National Bank

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### Objective of the course

The goal of the course is to enhance each student's ability to undertake empirical research in macroeconomics. To that end, each student will prepare a research paper on empirical macroeconomics.

### Schedule of lectures and associated readings

<i>Dates</i>	<i>Subject matter of lecture and Lecture Notes (LN)</i>	<i>Reading Notes (RN), Applications (A), Exercises (E), Further Topics (FT)</i>
<b>Part I: The VAR Approach</b>		
02.11.11	<b>Lecture 1:</b> Overview of possible Topics for the Paper and Introduction to SVAR Topic 1 in <i>EME_LN.pdf</i>	
	<b>Reading 1:</b> Identifying Monetary Policy Shocks	<i>SVAR_RN1.pdf</i> <i>Forecast_Evaluation_FT.pdf</i>
02.11.11	<b>Lecture 2:</b> Introduction to SVAR Topic 1 in <i>EME_LN.pdf</i>	
	<b>Reading 2:</b> Recent Developments in SVAR	<i>SVAR_RN2.pdf</i> <i>Model_Uncertainty_FT.pdf</i>
<b>Part II: Introduction to the State Space Approach</b>		
03.11.11	<b>Lecture 3:</b> State Space Models Topic 2 in <i>EME_LN.pdf</i>	
	<b>Reading 3:</b> Recursive Least Squares: An Introduction to the Kalman Filter	<i>Real_Interest_Rate_A.pdf</i> <i>Recursive_Least_Squares_RN3.pdf</i> <i>Recursive_Least_Squares_E.pdf</i>
03.11.11	<b>Lecture 4:</b> State Space Models Topic 2 in <i>EME_LN.pdf</i>	
	<b>Reading 4:</b> Applications of the State Space Approach	<i>State_Space_RN.pdf</i> <i>NAIRU_A.pdf</i> <i>Output_Gap_A.pdf</i> <i>State_Space_with_EViews_E</i> <i>Solutions.prg</i> <i>Croushore_Stark.wf1</i> <i>Central_Banking_By_Committee_A.pdf</i>

<b>Part III: Introduction to the Intertemporal Optimization Approach</b>		
04.11.11	<b>Lecture 5:</b> Rational Expectation Models Topic 3 in <i>EME_LN.pdf</i>	
	<b>Reading 5:</b> Rational Expectations and Adaptive Learning	<i>Adaptive_Learning_RN5.pdf</i> <i>Adaptive_Learning_E.prg</i>
04.11.11	<b>Lecture 6:</b> Models of Optimizing Agents Topic 4 in <i>EME_LN.pdf</i>	
	<b>Reading 6:</b> Introduction to the New Neoclassical Synthesis	NNCS_RN6.pdf Introduction_Bellman_FT.pdf Introduction_Bellman_E.pdf
(to be announced)	<b>Presentation of preliminary results (optional):</b> Gives students the opportunity to revise their paper prior to submitting it.	
You will find the <b>PDF files</b> at: <a href="http://forschung.snb.ch">http://forschung.snb.ch</a>		

### Assessment Method

Students are asked to complete an empirical paper on empirical macroeconomics. This paper should be original, involve empirical analysis (and not just be a literature review), and should be 20 pages long. The paper will be due on the last day of the semester.

### Textbooks for the course

References in Lecture Notes.

Favero, C. A., *Applied Macroeconometrics*, Oxford University Press, 2001, Chapter 6.

Canova, F., *Methods for Applied Macroeconomic Research*, Princeton University Press.

EViews, Reference Manual.