Topics in Applied Macroeconomics

NAKE

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7 September 2010: 09.00-12.00 hrs and 14.00-15.00 hrs in K 702

8 September 2010: 09.00-12.00 hrs and 13.00-14.00 hrs in K 702

9 September 2010: 09.00-12.00 hrs and 13.00-14.00 hrs (written exam) in K 702

Abstract

This course applies DSGE and VAR modeling to the following issues:

1. What is the impact of fiscal policy?
2. What is the relationship between asset pricing and macroeconomic dynamics?
3. What are the effects of monetary and fiscal policy shocks?

As approach, we use quantitative dynamic stochastic general equilibrium (DSGE) models as well as applied vector autoregressions (VARs). Along the way, we will discuss tools for solving and estimating dynamic stochastic equilibrium (DSGE) and related models. Students will learn about software such as the “toolkit” and “Dynare”.

Course Outline

1 Topics There is way too much stuff here. Rather than covering everything, we will probably cover a few topics in detail. This will depend on student interest: so make sure you tell me what you wish to learn to maximize your benefit. Furthermore, you need to try out and calculate these things yourself. There is no substitute for that. Don’t expect the class to deliver this to you: I can only point the way.

1.1 Fiscal policy in DSGE models

- For fiscal policy in DSGE models: Uhlig (2010), Trabandt and Uhlig (2010), Drautzburg and Uhlig (2010), Coenen and et.al. (2010)
- For solution methods: References: Uhlig (1999), Uhlig (2008), Dejong and Dave (2007), Judd (1999), the Toolkit web site, the Dynare web site, Barillas, Colacito, Kitao, Matthes, Sargent, and Shin (2007), Sims (2001),

the C.A.Sims GenSys web site, Farmer (2002), Schmitt-Grohe and Uribe (2004), Judd (1999)

- For estimation and comparison to data: Fernandez-Villaverde, Rubio-Ramirez, Sargent, and Watson (2007), Uhlig (2003), Christiano, Eichenbaum, and Evans (2005), Canova (2007), An and Schorfheide (2008), the Dynare web site • VAR methods: Mountford and Uhlig (2009), Ramey (2009), Leeper, Walker, and Yang (2009)

1.2 The relationship between asset pricing and macroeconomic dynamics

Lettau and Uhlig (2002), Uhlig (2007c), Uhlig (2007a),
Guvenen (2009), Cochrane (2001), Duffie (1992),
Uhlig (2007b), Lettau and Uhlig (2000)

1.3 Monetary policy

- For DSGE approaches: Uhlig (2009), Smets and Wouters (2003).
- VAR approaches: Uhlig (2005), Scholl and Uhlig (2008), Sims (1980), Leeper, Sims, and Zha (1996)

References

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