Laurea Magistrale in Economics and Finance
A.Y. 2019-2020

MACROECONOMICS ANALYSIS

This is a master level introductory course on modern macroeconomics. Students will learn basic analytical tools, such as dynamic analysis and optimization, to study how capital, investment and consumption are (or should be) allocated over time, and how rational individuals make choices related to consumption, savings and asset accumulation in competitive markets. The course is divided into two distinctive parts. Part I focuses on growth theories and optimal capital accumulation. Part II focuses on savings, consumption, asset pricing, risk in competitive market economies and some basic properties of competitive equilibria.

Instructors:
Part I: Prof. **Eloisa Campioni** (Università Tor Vergata). Email: eloisa.campioni@uniroma2.it
Part II: Prof. **Pietro Reichlin** (LUISS G. Carli) - Office Hours: Wed 15:00-16:00, room 524. Email: preichlin@luiss.it.

Teaching Material: Lecture Notes by P. Reichlin available online at
http://docenti.luiss.it/reichlin/files/2010/11/AD_MACRO_03_18-6.pdf

Schedule: Mon 9:00-11:30, Thu 14:00-15:30

T.A.: Chiara Felli. Email: cfelli@luiss.it.

Assignments: Students are required to solve problems assigned weekly by the professors, which will be solved in the Review Sessions.

Grading: The final grade is based on (a) the evaluation of assignments, (b) the grade obtained in the mid-term exam (last week of March) and (c) the grade obtained in the final exam (between May and June) with the following weights:

- o   assignments: 5% (if the student handle at least 70% of them);
- o   mid-term exam: 35%
- o   final exam: 60%

APPROXIMATE SCHEDULE		
PART 1: Growth Theory		
01	2/10	Capital and consumption in the Solow Model. Dynamic Efficiency.
02	2/13	Review Session
03	2/17	The Ramsey Model: Set-Up, Euler equations, Transversality conditions and Lagrange method.
05	2/20	Review Session
06	2/24	Linear approximation and stability analysis for Ramsey Plans.

07	2/27	Review Session
08	3/02	The Human Capital model and the Overlapping Generations model. Uncertainty in the Ramsey Model. Euler equations under uncertainty.
09	3/05	Review Session
10	3/09	Savings and consumption in market economies: preferences, budget sets, debt limits, Ponzi games, present value representation of the life-time budget constraint.
11	3/12	Review Session
12	3/16	Optimal consumption and financial plans. The permanent income model.
13	3/19	Review Session.
		**MIDTERM EXAM**
		PART 2: Markets and Equilibria
14	3/30	Savings and consumption and Euler equations under uncertainty with complete and incomplete markets.
15	4/02	Review Session
16	4/06	The certainty equivalence model and the notion of precautionary savings.
17	4/09	Review Session
18	4/16	Asset Pricing, risk premia and market fundamentals.
19	4/20	Review Session
20	4/23	Equilibrium with complete markets, consumption smoothing and risk sharing.
21	4/27	Review Session
22	4/30	Competitive equilibria in the Overlapping Generations Model.
23	5/04	Validity and Failure of the First welfare Theorem.
24	5/07	Review Session