

## Summary of Intermediate Macroeconomics II

# Summary

## Asset markets

- ▶ bond yields
- ▶ currencies
- ▶ interest rate parity conditions

## Keynesian short-run model

- ▶ desired demand and Keynesian cross

## IS-TR model

- ▶ short-run model relating GDP and interest rate
- ▶ demand side condensed into IS-curve
- ▶ monetary policy determined by the Taylor rule

# Summary

## Mundell-Fleming model (IS-TR-IFM)

- ▶ open economy
- ▶ including capital flows and international trade into IS-TR model
- ▶ fixed and flexible exchange rates
- ▶ impossible trinity

## AS-AD (LAS-LAD) model

- ▶ medium-run model derived from IS-TR-IFM model
- ▶ AS-curve describes the supply side: obtained from expectations augmented Phillips curve and Okun's law
- ▶ AD curve derived from IS-TR-IFM
- ▶ business cycles: shocks filtered through AS-AD model

# Summary

## Elements affecting the demand

- ▶ asset markets
- ▶ foreign exchange markets
- ▶ demand side policies

## Elements affecting the supply

- ▶ labour markets (Phillips curve, Okun's law, Beveridge curve)
- ▶ cyclical mark-ups
- ▶ taxation (laffer curve)

## Demand and supply side policies

- ▶ smoothing business cycles
- ▶ dealing with crises

# Exam

- ▶ Book chapters: 7, 11-20
- ▶ Multiple choice format
- ▶ Random selection of questions to each participant
- ▶ Only one correct answer (1 point from correct, 0 for wrong)
- ▶ Registration: link will be given on Mycourses site
  - ▶ remember to check EXAM instructions
  - ▶ registration through SISU and reservation through EXAM
- ▶ See MyCourses for grading

# Tips

## What to expect?

- ▶ some questions are easy, some are difficult
- ▶ some questions involve doing mathematics

## How to prepare

learn the key concepts and ideas

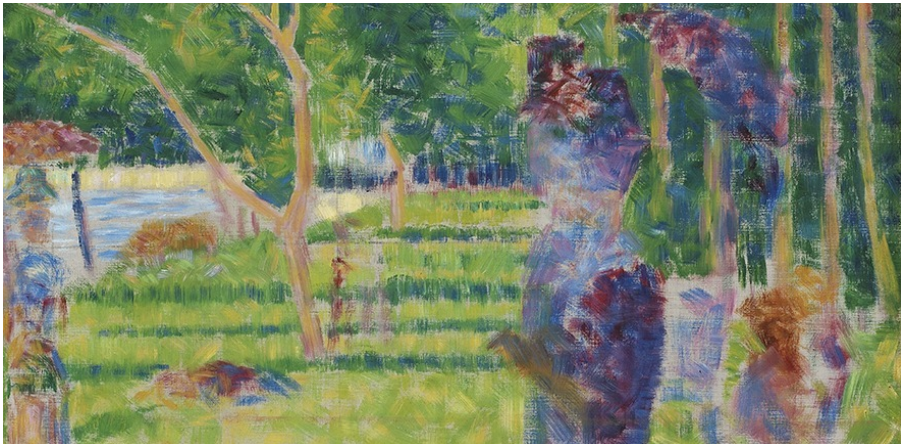
practice how to use them

practice questions are available on MyCourses

## Reminder

Please give feedback!

Thank you!



George Seurat: Couple, a painting from the collection by John Maynard Keynes (at the custody of Kings College Cambridge)