

International Economics (Master) - Problem Set 1

General remarks:

There are two different sets of questions: review questions and exercises. Review questions are for self-study at home. They serve to highlight what you (should) already have learned in the lecture. The review questions will, therefore, not be discussed in class. The exercises, instead, will. Please try and solve the exercises on your own before the exercise session. The parts on the lectures slides that were mentioned as an exercise are not explicitly mentioned here. Please try these as well. And ask questions if there are any.

Problem set 1 will be discussed in the exercise session on May 8th. Solutions to be submitted by May 7th, noon.

Review questions - slides Ch01

- Be able to define the terms “trade balance” and “current account.”
- What are the stylized business cycle facts?

Exercises

The exercise is meant to

- get you started with Matlab.
- get your hands dirty with data.
- understand how one can try to separate trend and cycle.

1. Business cycle facts

This exercise asks you to derive the business-cycle facts discussed in chapter 1 yourself. For a country of your choice, derive the statistics reported in the slides of the first chapter.

1. Get the data for the country of your choice.
2. Write a Matlab code that
 - reads in the data,
 - extracts the cyclical component from each time series,
 - reports the relevant statistics in nice tables.
3. What are the main business-cycle facts that emerge for the country that you picked?
4. Try to get information about the international investment position of the country.