

**Aggregate Economics Seminar**  
**Economics 137**  
**Fall 2003**  
**Professor Roger Craine**

**Notices are posted on the class web site:**

[http://emlab.berkeley.edu/users/webfac/craine/e137\\_f03/e137.shtml](http://emlab.berkeley.edu/users/webfac/craine/e137_f03/e137.shtml)

**Syllabus**

This is a tentative outline of the projects and dates. The \* readings are in the Economics 137 Reader available at Copy Central, 2560 Bancroft Way.

Date

August 26 Introduction

September 2 Project: Efficient Markets Hypothesis and Bubbles

Efficient Markets

Malkiel\*, JEP 2003

Shiller\*, JEP 2003

Read the efficient markets chapter in any good finance text, eg,  
Bodie, Kane, and Marcus, 2002, *Investments*, Chapter 12

Bubbles

Shiller, 2000, *Irrational Exuberance*

Campbell, Lo, MacKinlay, 1997, *The Econometrics of Financial Markets*, 7.1.2 *Rational Bubbles*

September 9 Library: How to find data

September 16 Efficient Markets Hypothesis test results

Project: Forward Premium Model

Froot and Thaler\*, JEP 1990

Bodie, Kane, and Marcus, 2002, Chapter 23

September 23 Forward Premium Test Results

Edwards\*, Hedge Funds, JEP 1999

September 30 Capital Asset Pricing Model

Bodie, Kane, Marcus, 2002, Chapter 9  
Or any financial economics text

October 7

CAPM Test Results

Monetary Policy Surprises

Cochrane and Piazzesi\*, 2002, The Fed and Interest Rates—a High Frequency Identification, AER 2:90-96.

Kuttner, 2001, Monetary Policy Surprises and Interest Rates: Evidence from the Fed Funds Futures Market, JME 47: 523-544.

Craine and Martin\*, 2002, Monetary Shocks and Security Market Responses

The remainder to the semester consists of work on the large project and a class report.