

Revised January 2017

PhD Course in Monetary Economics

Organized by Stockholm University and Sveriges Riksbank
April-May 2017

The purpose of the course is to introduce students to modern New Keynesian models for monetary policy and business cycle analysis. These models are dynamic stochastic general equilibrium models based on optimizing behaviour and rational expectations. At the same time, they incorporate price and wage rigidity, permitting an important role for aggregate demand shocks and monetary policy to affect activity. They have become a standard tool for central banks and they are used as a framework for much modern research in macroeconomics.

The course will cover the basic New Keynesian model, optimal policy, labour market frictions, price-setting theories, and also introduce methods for solution and simulation. Throughout, we will emphasise the microeconomic foundations of these models. We hope that, after finishing this course, participants will feel comfortable working with these models.

To enter the Riksbank *participants must be registered for the course* and be at the Riksbank 15 minutes before the lecture, bringing an identification card.

Lectures will be given at the Riksbank by Johan Söderberg (Stockholm University), Andreas Westermarck (the Riksbank), and Martin Flodén (the Riksbank)

Prerequisites: The course is suitable for Ph.D. students and others who have knowledge of first year Ph.D. courses in micro and macroeconomics. Experience with Matlab is very useful.

Examination: Examination is done by take-home exercises which consist of theoretical problems and numerical simulation exercises.

Information:

Johan Söderberg, +46 8 674 77 62, johan.soderberg@ne.su.se

Registration:

Anne Jensen, +46 8 16 30 53, anne.jensen@ne.su.se

Preliminary Schedule for the Course in Monetary Economics

April/May 2017

All lectures given at the Riksbank between 14.15-17.00

Lectures given by Johan Söderberg if not otherwise indicated

- April 5 The New Keynesian model*
- April 7 Monetary policy in the basic New Keynesian model*
- April 12 Solving rational expectations models*
- April 19 Numerical simulation of dynamic models*
- April 21 Consumption and investment dynamics*
- April 26 Price-setting theories*
- April 28 Optimal monetary policy I*
- May 5 Optimal monetary policy II*
- May 10 Wage rigidity and labour market frictions I – Andreas Westermark*
- May 12 Wage rigidity and labour market frictions II – Andreas Westermark*
- May 15 Practical monetary policy I – Martin Flodén*
- May 16 Practical monetary policy II – Martin Flodén*
- May 23 How New Keynesian models are used at Sveriges Riksbank – Riksbank staff*

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