**EMBA MACRO 2019 Assignments Packet**

Assignments and the exam are due to me by email ([ploungani@imf.org](mailto:ploungani@imf.org)) and in hard copy at the start of class (I am sorry about not being ‘green’ but having the hard copy versions allows me to use my time at the airport and in the plane productively).

Class dates: May 4, May 18, June 1, June 29, July 13

|  |  |  |
| --- | --- | --- |
| **Assignment (individual or team)** | **Points** | **Due dates** |
| Policy Assignment 1 (team) | 30 | May 18 |
| Policy Assignment 2 (team) | 40 | June 1 |
| Dry Run for the Final (team) | 50 | June 29 (not in this packet; will be sent later) |
| Economic Dashboard (team) | 80 | First draft: May 18  Second draft: June 1  Third draft: June 29  **Final draft: July 13** |
| Final Exam (individual; take-home; open book) | 100 | July 13 (not in this packet; will be sent later) |
| **TOTAL** | **300** |  |

**What’s due when**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **What’s due** | **Points** |  |
| May 18 | Policy Assignment 1 (team)  First draft of Economic Dashboard (team) | 30  10 | See this packet for instructions |
| June 1 | Policy Assignment 2 (team)  Second draft of Economic Dashboard (team) | 40  30 | See this packet for instructions |
| June 29 | Dry Run for the Final (team)  Third draft of Economic Dashboard (team) | 50  20 | Will be sent to you later  See this packet |
| July 13 | Final Exam (individual)  Final draft of Economic Dashboard (team) | 100  20 | See this packet for  Will be sent to you later |

**POLICY ASSIGNMENT 1 (30 points): Due by e-mail** ([ploungani@imf.org](mailto:ploungani@imf.org)) **by noon on May 18 and in hard copy at the start of class that day**.

1. (5 points) What policy actions did the Fed and the Reserve Bank of Australia take in May 2019? Can you explain these decisions in terms of the Taylor Rule discussed in class?
2. (5 points) What policy action will the Bank of Canada take at its meeting on June 5? You should (i) predict the action; (ii) state the reasoning the central bank will give to explain its action. Your answer should be in the format of previous announcements (for example, their April 24 decision: <https://www.bankofcanada.ca/2019/04/fad-press-release-2019-04-24/>).
3. (10 points) In class, we discussed Okun’s Law—the cyclical relationship between the labor market (employment and unemployment) and real GDP for the United States. Carry out a similar analysis to see how well Okun’s Law holds for Tennessee and Louisiana.
4. (10 points) In class, we discussed Okun’s Law—the cyclical relationship between the labor market (employment and unemployment) and real GDP for the United States. Carry out a similar analysis to see how well Okun’s Law holds for Spain and Japan.

WHAT YOUR OUTPUT SHOULD LOOK LIKE:

You should turn in a **PPT** with 12 slides.

Slide 1: Team number and names & photo(s) of team members

Slides 2-3: Answer to 1): one slide each for the Fed and Reserve Bank of Australia

Slides 4-5: Answer to 2): the statement issued by the Bank of Canada (as predicted by your team)

Slides 6-8: Answer to 3): charts of the data; regression estimates; explanation of findings

Slides 9-11: Answer to 3): charts of the data; regression estimates; explanation of findings

Slide 12: ‘Wild Card’: use as you wish

**POLICY ASSIGNMENT 2 (40 points): Due by e-mail** ([ploungani@imf.org](mailto:ploungani@imf.org)) **by 11 am on June 1 and in hard copy at the start of class that day.**

1. (15 points)In class, we discussed the evidence on convergence or catch-up in incomes among nations of the world. Summarize the evidence on whether there is convergence in incomes among U.S. states.
2. (5 points) What policy action will the Reserve Bank of Australia take at its meeting on June 4? You should (i) predict the action; (ii) state the reasoning the central bank will give to explain its action. Your answer should be in the format of previous announcements (for example, their May 7 decision).
3. (5 points) Do you agree with the views expressed in this article (see link below)? <https://www.forbes.com/sites/mikepatton/2012/08/27/the-key-to-economic-growth-reduce-the-unemployment-rate/#40c8d2cd54ce>
4. (5 points) The U.S. payroll employment report will be released on June 7. What are your team’s predictions for (i) the increase in nonfarm payroll employment in May and (ii) the U.S. unemployment rate for May?

(Link to May report: <https://www.bls.gov/news.release/empsit.nr0.htm>

**10 points for class presentation of Part 1. The presentation should not be longer than 5 minutes.** You should pick one person to represent your team and do the talking. You should write out and turn in your **speaking notes.** Most people speak 100 words a minute; so write out exactly the 500 words your team is going to say through its representative.

WHAT YOUR OUTPUT SHOULD LOOK LIKE: You should turn in a **PPT** with 12 slides and a **Word** document with your speaking notes for Part 1 (500 words maximum)

Slide 1: Team number and names and photos of team members

Slides 2-7: Answer to 1)

Slides 8-9: Answer to 2)

Slide 10: Answer to 3)

Slide 11: Answer to 4)

Slide 12: Wild Card

**ECONOMIC DASHBOARD (80 points)**

*Overview of the assignment:* In this course, you’ll learn about a number of indicators such as real GDP, the inflation rate, the unemployment rate, the federal funds rate and many more. This assignment asks you to sift through all this information and come up with a set of economic indicators that matter for the performance of a particular industry. Here’s how to go about it:

1. Choose your industry: You can design a dashboard for any industry. Some possibilities are health care, tourism, automobiles, real estate/construction—but do not feel limited to this set. You can also choose to focus on one business segment of an industry.
2. Choose your industry performance indicators: You have flexibility in defining the performance indicator(s) – sales, profits, employment, stock price, etc.
3. Choose your national or regional or global economic indicators: You should start by considering the national economic indicators we have discussed in class. But your final dashboard could include regional economic indicators if those are more relevant to your industry. Global indicators (e.g. real GDP growth in China) are fine as well—or any other economic factors that turn out to be important.

*Final Product:* The final product is a **PowerPoint presentation** of 20 slides.

Slide 1: Team number and names and photo(s) of team members

Slide 2-4: Background on the industry chosen.

Slides 5-6: The indicator(s) of industry performance you have chosen to explain

(plot the data; discuss why this indicator is preferable to others)

Slides 7-13: The macroeconomic indicators that you tried; discuss whether these indicators turned out to be related to industry performance; any other relevant information.

Slide 14-17: Versions of “The Dashboard”

Slide 18-19: **Speaking notes** for your presentation

Slide 20 ‘Wildcard’ slide – use it as you wish.

***Due dates (all drafts are due by email to*** [ploungani@imf.org](mailto:ploungani@imf.org) ***and in hard copy at the start of the class):***

1. First draft: On May 18, slides 1-6 of the presentation are due. That is, you should pick an industry and discuss which indicator(s) of industry performance you have chosen to explain. (10 points)
2. Second draft: On June 1, slides 1-13 of the presentation are due. In this draft, you should add information on the economic indicators you are using to explain the indicator(s) of industry performance. Slides from in the first draft can be revised without penalty. (30 points; includes 10 points for class presentation)
3. Third draft: On June 29, slides 1-17 of the presentation are due. In this draft, you should add information on whether the economic indicators you picked turned out to be correlated with the indicator(s) of industry performance. Slides from the first two drafts can be revised without penalty. (20 points)
4. Final version: On July 13, the final version of the dashboard is due. Slides from earlier drafts can be revised without penalty (20 points)