



Co-funded by the  
Erasmus+ Programme  
of the European Union



Reforming Master Programmes in Finance in Armenia and Moldova / REFINE

An Erasmus+ Capacity Building Project (2017-2020)

# MACROECONOMIC ANALYSIS AND FORECASTING COURSE OVERVIEW

*Armenian State University of Economics*

*Teacher - Karen Grigoryan, PhD in Economics, Associate Professor*



# BASIC INFORMATION



<b>TITLE OF THE COURSE</b>	Macroeconomic analysis and forecasting
<b>TEACHERS</b>	Karen Grigoryan
<b>YEAR OF THE COURSE</b>	1
<b>SEMESTER OF THE COURSE</b>	2
<b>LANGUAGE</b>	Armenian
<b>NUMBER OF ECTS CREDITS</b>	4

# LEARNING OUTCOMES



- By the end of this course, the student will be able to identify main macroeconomics concepts and principles and to interpret strengths and weaknesses of different economic systems.
- By the end of this course, the student will be able to analyze macroeconomic data and to apply appropriate models and research methods.
- By the end of this course, the student will be able to evaluate economic impact of macroeconomic policy
- By the end of this course, the student will be able to design more than one solution for macroeconomic issues based on different economic approaches
- By the end of this course, the student will be able to manage and coordinate teamwork on macroeconomic analysis



WEEK	TOPIC
1	Macroeconomic Analysis Methodology
2	Macroeconomic Analysis Methodology
3	Economic Growth Analysis Models
4	Economic Growth Analysis Models
5	Economic Growth Analysis Models
6	Cyclical Models ,General Equilibrium and Stabilization Policy
7	Cyclical Models ,General Equilibrium and Stabilization Policy
8	Monetary policy issues
9	Monetary policy issues
10	Monetary policy issues
11	Fiscal policy issues
12	Fiscal policy issues
13	External sector modeling
14	External sector modeling

# WEEK 1



## Macroeconomic Analysis Methodology:

- Macroeconomic analysis and macroeconomic modeling
- Theoretical and applied macroeconomics
- Static and dynamic macroeconomic analysis
- Main issues of contemporary macroeconomics
- Macroeconomic issues in emerging economies and economic reforms

# WEEK 2



## Macroeconomic Analysis Methodology:

- Aggregation in macroeconomics and the concept of aggregated market
- The behavior of households, firms and the state in the markets (goods, factors of production, finance and foreign exchange markets).
- Uncertainty and expectations in macroeconomics
- Macroeconomic forecasting methods.

# WEEK 3



## Economic Growth Analysis Models:

1. Issues of economic growth theories
2. Keynesian models of economic growth
3. New classical models of economic growth
4. Institutional theory and models
5. Forecasting economic growth

# WEEK 4



## Economic Growth Analysis Models:

- Harrod model of economic growth
- Domar model of economic growth
- Kaldor economic growth model
- Robinson growth model
- Endogenous growth theory.

# WEEK 5



## Economic Growth Analysis Models:

- Arrow economic growth model
- Tinbergen economic growth model
- MRW model of economic growth
- Factor analysis of Denison's economic growth and arithmetic of economic growth.

# WEEK 6



## Cyclical Models, General Equilibrium and Stabilization Policy:

- Theories and analysis of economic cycles
- Classical model of general economic equilibrium
- Keynesian model of general economic equilibrium
- Synthesized model of general economic equilibrium
- Dynamic analysis of the IS-LM model
- Effectiveness of fiscal and monetary policies in the IS-LM model.

# WEEK 7



## Cyclical Models ,General Equilibrium and Stabilization Policy:

- Unsteady macroeconomic situation
- IS-LM-BP model
- Economic policy in the IS-LM-BP model
- The economic policy against hyperinflation.

# WEEK 8



## Monetary policy issues:

- Monetary policy indicators and instruments
- Monetary policy transfer mechanisms

# WEEK 9



## Monetary policy issues:

- Peculiarities of applying the rules of monetary policy.
- Comparative analysis of monetary policy goals.

# WEEK 10



## Monetary policy issues:

- Forecasting the indicators of monetary policy
- Coordination of fiscal and monetary policies.

# WEEK 11



## Fiscal policy issues:

- The purpose and directions of fiscal policy
- Classical models of fiscal stabilization policy
- Keynesian models of fiscal stabilization policy
- State budget deficit and public debt.

# WEEK 12



## Fiscal policy issues:

- Economic consequences of public debt. The risks of default
- Long-term and short-term goals of fiscal policy and implementation tools
- The budgeting process and issues.

# WEEK 13



## External sector modeling:

- The factors of exportability of goods and the classification of branches by exportability
- The TNT model and the balance mechanism in the model
- External debt repayment reflection in the TNT model.

# WEEK 14



## External sector modeling:

- Pricing and real income in the TNT model
- Assessment of the impact of the Dutch disease
- Keynesian approaches to the TNT model and criticism of devaluation.

# TEACHING METHODOLOGY



- Student-centered approach
- Interactive approach for the learning procedures (lectures, seminars, workshops, discussions)
- Deductive and inductive teaching methods to promote the active involvement of students and their understanding of how the specific knowledge or theme of module will help them solve various issues in their future career.
- The deductive method derives new conclusions from fundamental assumptions or from reality established by other methods. It includes the process of reasoning from certain principles, which are supposed to be true, to the analysis of facts.
- The inductive method involves the following steps: problem, data, observation, and generalization. The induction is the process in which we arrive at a generalization on the basis of particular observed facts.
- Implementation of open sources learning tools (Moodle)
- Competency based instruction obtained to ensure the learning outcomes of the course
- Case studies and stimulators added to course to promote the practical appliance of knowledge of students.

# LABOUR MARKET RELEVANCE



- The study enriched with practical seminars, that will allow students to experience the practical application of obtained knowledge with specific examples on Armenia's economy and other countries' economies.
- The course is based on summarized results of employer's survey (see <https://www.reforming-finance.eu/wp-content/uploads/2018/07/ASUE.pdf> ). The main conclusion of this survey is to increase practical aspects of the course.
- The course includes a case study developed by a teacher based on the current economic policy issues faced by the government and society and with the use of data, oriented on solving a real issues in the economic environment. The effects should be: increasing the degree of professional capacities of the student, establishing relationships between student and future employers, etc.
- As a part of course, specialist from governments' bodies will be invited to conduct practical seminar devoted to peculiarities of the economic policy making process.

# ASSESSMENT AND GRADING



- Class activity - 30%, Group assignment - 20%, Final exam - 50%.
- Class activity - activities done by student inside the class and also homework as part of applying or doing the practical part of the lesson after listening to the lecture which is presented by the teacher.
- The Group assignment allows teachers to set an assignment which a group can work on collaboratively, and receive a common grade and feedback.
- An oral examination will be held for all students. The purpose of the examination is to enable the student to demonstrate his/her knowledge and understanding of the discipline.

# REFERENCES



1. Burda M., Wyplosz Ch., Macroeconomics, a European Text, Oxford University Press, June 2017
2. Jeffrey D. Sachs, Larry B. Macroeconomics in Global Economy, Textbook, Yerevan, Tntesaget publishing house, 2002, 584 pages
3. Mankiw Gr., Macroeconomics, 10th edition, 2018, Worth Publishers, 688 pages
4. Dornbusch R., Fisher. S, Startz R., Macroeconomics, 12th Edition, McGraw-Hill Series Economics, 2013, 672 pages
5. Acemoglu, Daron; Robinson, James A. (2012). Why Nations Fail. Crown Business.
6. Tigranyan I., Grigoryan K. et al., Macroeconomic Analysis and Forecasting, Textbook, in Armenian, Yerevan, Tntesaget publishing house, 2011, 328 pages
7. Grigoryan Karen, Modern Macroeconomic Elaborations, Textbook, in Armenian, Yerevan, Tntesaget publishing house, 2009, 172 pages
8. Grigoryan, Karen, Study of the Peculiarities of Export Developments in EU Member Countries and in Armenia (September 6, 2012). Romanian Journal of European Affairs, Vol. 12, No. 3, September 2012. Available at SSRN: <https://ssrn.com/abstract=2142370> or <http://dx.doi.org/10.2139/ssrn.2142370>

# COURSE ASSIGNMENT 1



**Evaluate whether an increase in economic growth is beneficial? Effects of Recession on Business.**

The main questions of assignment are following (the students can select the questions from this list):

- What does economic growth mean for businesses? Why economic growth is important for businesses. What are the effects of economic growth according to Keynesian and New Classical models? What are the costs and benefits of economic growth? The case of Armenia. How does increased employment benefit the economy? Why is full employment important? How does economic growth increase income?
- What is a recession? What is the impact of a recession? Recession impacts on large business. What happens to interest rates in a recession? Falling Stocks and Slumping Dividends. Credit Impairment and Bankruptcy. Employee Lay-Offs and Benefit Reductions. Cuts to Quality of Goods and Services. Reduced Consumer Access. Recession Impacts on Small Businesses: The case of Armenia.

# COURSE ASSIGNMENT 2



## **The Results of Monetary and Fiscal Policies of EU, US, China and Armenia.**

The main questions of assignment are following (the students can select the questions from this list):

- What are the different types of monetary policy? What is the current monetary policy of EU, US, China and Armenia? What monetary policy is in a recession? How does monetary policy affect employment EU, US, China and Armenia? How does the Fed affect monetary policy? What is one of the advantages of monetary policy over fiscal policy in EU, US, China and Armenia?
- Why is fiscal policy important? How does fiscal policy affect the economy? What are the functions of fiscal policy? How does fiscal policy work during recession in EU, US and China? Can expansionary fiscal policy cause inflation? Does the EU have a common fiscal policy? What is the current fiscal policy of EU, US, China and Armenia. The contributions of fiscal and monetary policy before and after the global financial crisis according to Keynesian and New Classical models.

# The technical standards on written assignment



The assignment needs to be typed, font size 12 point, spacing 1.5, left and right margins set at 2.5. The submitted assignment should be between 10 and 15 pages in DOC or DOCX format (Microsoft Office Word). The pages need to be numerated. The number of pages of the paper does not include front page, content list, bibliography and appendix/s.

The assignment should be printed double sided. Figures, tables etc should be numerated, and given a short explicatory text. The explicatory text needs to be underlined. Text to tables are to be placed before the given table, and text to figures under the given figure.



# THANK YOU FOR ATTENTION

([kgrigoryanh@mail.ru](mailto:kgrigoryanh@mail.ru))