

2013-14

Winter Term · 冬学期

ECO 255

International Finance · 国際金融

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モンゴメリ ヘザー

Term Paper

Due dates: Draft - Monday, February 10

Final Paper - Tuesday, February 25

Length: 1,000-1,500 words (about 5 pages)

Formatting Style: Times New Roman, 12-point font, double spaced

Citation Style: APA format

Assignment:

Your assignment is to write a paper in which you analyze movements in the dollar-yen exchange rate and how closely they conform to one of the seminal models of exchange rates: the theory of purchasing power parity.

Advice:

The best papers will include the following sections (1) Introduction - historical background on yen-dollar movements (2) Section 2: The Purchasing Power Parity Model - explain the theory of purchasing power parity, including a reference to the textbook and one other academic study (3) Section 3: Data and Methodology - describe some economic data and how it could be used to test the theory of purchasing power parity (4) Section 4: Results - test the model using some econometric analysis, or, if students have not yet taken econometrics, some graphs and tables with excel. (5) Conclusion: conclude with a short analysis of how applicable the purchasing power parity model is in explaining movements in the yen-dollar rate.

The best papers will include in these sections: (1) a graph the student has made from primary data (in excel, for example) to explain recent movements in the yen-dollar rate (2) algebra, graphs and words to explain the theory of purchasing power parity (3) a table of summary statistics describing the data set to be used and an equation explaining what regression would ideally be used with this data to test

the purchasing power parity model (4) tables to present the results of the econometric analysis or, for students who have not taken econometrics, some graphs and tables showing correlations (5) a restatement of the research question and main evidence for the conclusions.