



Macro & Micro Economics

(19th – 21st February, 2019)

Day 1:

Session 1: Introduction: Introduction to Macroeconomics:

- Equilibrium in the economy
- The Circular flow of Income
- Injections
- Withdrawals
- Adding Injections and Withdrawals – planned and actual
- Getting into Equilibrium: The Adjustment Process
- The Aggregate Demand Schedule
- Aggregate Demand and Potential Output
- Reflationary Policies
- The Multiplier Effect

Session 2: Economic Growth and the Economic Cycle:

- Types of Growth
- The Zero Growth Option
- The Economic Cycle
- Indicators of the Economic Cycle



Session 3: Money Makes the World Go Round:

- Money as a medium of Exchange
- Store of Value
- Creating Deposit by Making Loans
- The Deposit Multiplier
- Interest Rate Determination
- The Supply of Money

Session 4: Macroeconomics Equilibrium:

- Monetary Policy
- Forecasting
- Fiscal Policy

DAY 2:

Session 1: Factors that Affect Exchange Rate Movements:

- Interest rate and currency “crises”
- Inflation
- Economic Growth



Session 2: Managing Foreign Exchange Risk :

- Financial Techniques of Managing Transaction Exposure
- Choosing Between Instruments
- Transaction Hedging under Uncertainty
- Operational Techniques for Managing Transaction Exposure
- Operating Exposure
- Operating Strategies for Managing Operating Exposure
- Marketing Strategies for Managing Operating Exposure
- Diversifying Operations
- Diversifying Sources of Inputs
- Plant Location
- Plant Location as a Real Operating (Flexibility) Option
- The Impact of Operational Hedging on a Firm's Exposure
- Financial Strategies for Managing Operating Exposure
- Denomination of Firm Debt
- Evaluating Hedging Results

Session 3: Forecasting Exchange Rates:

- Fundamentals Forecasting
- Technical Forecasting
- Relative Economic Strength Approach
- Econometric Models



DAY 3:

Session 1: Measuring Exposure to Forex Risks:

- Netting
- Matching

Session 2: Forex Effects on Capital Budgeting:

- Gathering the facts
- NPV Method
- The Internal Rate of Return method

Session 3: Financing Imports and Exports:

- Letters of Credit and payment terms
- Trade Terms
- Counter Trade
- Methods of short-term financing