



ECON2004

Macroeconomic Analysis and Applications

Session 1, Online-scheduled-In person assessment 2025

Department of Economics

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General Information

Unit convenor and teaching staff

Jeffrey Sheen

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Credit points

10

Prerequisites

ECON1021 or ECON110

Corequisites

Co-badged status

Unit description

This intermediate-level unit studies the main macroeconomic models in use, keeping close contact with current macroeconomic events. The focus is on product, financial and labour markets in an open economy, examining their key features in short, medium and long run equilibrium. We study the link between macroeconomics and finance leading to a deep understanding of the drivers of bond, stock housing and exchange rate markets, as well as the sources of pathologies like financial crises and the emergence of cryptocurrencies. Monetary and fiscal policy design is analysed in depth, enabling students to evaluate current debates on macroeconomic policy in a real-world context.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

Learning Outcomes

On successful completion of this unit, you will be able to:

ULO1: Analyse and apply theoretical models of macroeconomic issues.

ULO2: Critically analyse models and theories to address contemporary macroeconomic problems.

ULO3: Critique macroeconomic phenomena both individually and as a member of a team.

General Assessment Information

Late Assessment Submission Penalty (written assessments)

Unless a Special Consideration request has been submitted and approved, a 5% penalty (of the total possible mark) will be applied each day a written assessment is not submitted, up until the 7th day (including weekends). After the 7th day, a grade of '0' will be awarded even if the assessment is submitted. Submission time for all written assessments is set at 11.55pm. A 1-hour grace period is provided to students who experience a technical concern. For any late submissions of time-sensitive tasks, such as scheduled tests/exams, performance assessments/presentations, and/or scheduled practical assessments/labs, students need to submit an application for [Special Consideration](#).

Assessment Tasks

Name	Weighting	Hurdle	Due
Professional practice: Macroeconomic in practice	30%	No	Week 12 tutorial
Formal and observed learning: Exam	50%	No	In final examination period
Skills development: Quiz	20%	No	Friday midnight in Week 3, Week 6, Week 9 and Week 12

Professional practice: Macroeconomic in practice

Assessment Type ¹: Presentation

Indicative Time on Task ²: 20 hours

Due: **Week 12 tutorial**

Weighting: **30%**

The purpose of this assessment is for you to develop expertise in crafting solutions to macroeconomic issues in line with industry practice. You will work in teams to investigate real-world scenarios and work through a Central Bank Simulation. **Skills in focus:** - Problem solving - Critical thinking - Communication - Teamwork **Deliverable:** Presentation Individual and Group assessment

On successful completion you will be able to:

- Analyse and apply theoretical models of macroeconomic issues.
- Critically analyse models and theories to address contemporary macroeconomic problems.
- Critique macroeconomic phenomena both individually and as a member of a team.

Formal and observed learning: Exam

Assessment Type ¹: Examination

Indicative Time on Task ²: 35 hours

Due: **In final examination period**

Weighting: **50%**

The purpose of this assessment is for you to demonstrate the expertise they have gained in Macroeconomic Analysis and Applications. You will participate in a 2-hour exam held during the University Examination period. Important information about the exam will be made available on the unit iLearn page. You should also review the [MQ Exams website](#) for general tips.

Deliverable: Formal exam Individual assessment

On successful completion you will be able to:

- Analyse and apply theoretical models of macroeconomic issues.
- Critique macroeconomic phenomena both individually and as a member of a team.

Skills development: Quiz

Assessment Type ¹: Quiz/Test

Indicative Time on Task ²: 20 hours

Due: **Friday midnight in Week 3, Week 6, Week 9 and Week 12**

Weighting: **20%**

The purpose of this assessment is for you to demonstrate your understanding and knowledge of key topics from the unit. You will participate in quizzes that are designed to develop skills in the application of macroeconomic theories and concepts, and better prepare students for the final assessment. **Skills in focus:** - Discipline Knowledge - Problem Solving - Critical Thinking

Deliverable: Quiz Individual assessment

On successful completion you will be able to:

- Analyse and apply theoretical models of macroeconomic issues.

¹ If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the [Writing Centre](#) for academic skills support.

² Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

Delivery and Resources

LECTURES: Wednesdays 3-pm

Lecture slides will be available prior to the lecture on the unit web page at <http://ilearn.mq.edu.au>.

During the semester, unforeseen circumstances may require the cancellation of a lecture and/or tutorial. Any changes will be announced as far as possible in advance both in lectures and on the unit website. Students are strongly advised that their learning is significantly enhanced by engaging with the lecture presentations at the appointed time. Students who miss lectures put themselves at a significant disadvantage for several reasons, including: (i) Not all the material in the text is covered in the unit, and not all the material in the unit is covered in the text. In some places the text deals with issues in greater depth than is necessary for the unit, and in other places it doesn't go far enough. The lectures contain all the unit material taught at the level required for the assessment tasks, and are your guide to the unit content. The tutorials will demonstrate the way questions in macroeconomics are approached. (ii) The lectures and tutorials will include guidance about the style and content of the final exam and recommendations about study technique. (iii) It is difficult (and often impossible) for staff to provide meaningful assistance to students outside class times on topics for which they did not attend the relevant lectures and tutorials.

REQUIRED TEXT Available from your the local bookshop is the physical text with eBook: "Macroeconomics"

Blanchard, Sheen, Huangfu and Wang, 5th edition, Pearson, 2025 ISBN: 978065571(3418 -etext, 3425 - print, 3432 ePub)

This BSHW 5th edition is significantly different to the 4th edition of 2013, and students are strongly advised to get access to the 5th edition. DO NOT get the 4th (or earlier) edition. (Please do not email to ask if it's OK to get the earlier editions.)

Technology Used and Required: Lecture and tutorial material as well as up to date information concerning any aspect of the unit, including any changes to the schedule, will be available to students by logging on to the unit web page at <http://ilearn.mq.edu.au>.

Teaching and Learning Strategy: This unit is taught as a mix of lectures and tutorials. The lectures are designed to provide the tools which can then be applied in tutorials. The tutorials comprise numerical problems and analytical questions and will be detailed in a separate document on iLearn at the end of week 2. There should be the opportunity to explore issues raised in lectures and to ask questions. The tutorials aim to improve understanding of macroeconomic theory and policy.

There are no tutorials in Week 1. Tutorials begin in Week 2.

Unit Schedule

Topics 1-13 will be covered in Weeks 1-13. Some topics will require more and some less than a week.

INTRODUCTION

Topic 1: A tour of key contemporary issues in the world; key macroeconomic concepts

- BSHW Chs 1 and 2

MODELLING SHORT RUN EQUILIBRIUM

Topic 2: The IS-LM model: short-run goods market and money market equilibrium; monetary policy & fiscal policy; the policy mix – comparing a money supply rule with an interest rate rule.

- BSHW Chs 3, 4 and 5
- Reserve Bank of Australia “Monetary Policy” <http://www.rba.gov.au/monetary-policy/index.html>
- Kellie Belrose and Joyce Tan "Bridging the Textbook Gaps on How the RBA Implements a Change to the Cash Rate",

<https://www.rba.gov.au/education/resources/teacher-updates/pdf/bridging-the-textbook-gaps-on-how-the-rba-implements-monetary-policy.pdf>

Topic 3: Extending the IS-LM model - real and nominal interest rates, risk and risk premia, financial shocks and crises

- BSHW Chs 6

MODELLING MEDIUM RUN EQUILIBRIUM

Topic 4: The labour market; the WS-PS model - wage and price setting in the medium run; the natural rate of unemployment

- BSHW Ch 7
- Mark Chambers, Blair Chapman and Eleanor Rogerson (2021) " Underemployment in the Australian Labour Market", <https://www.rba.gov.au/publications/bulletin/2021/jun/underemployment-in-the-australian-labour-market.html>

Topic 5 The Phillips Curve (PC), inflation and the natural rate of unemployment

- BSHW Ch 8
- Heather Ruberl and Thomas Williamson (2021) "Estimating the NAIRU in Australia", https://treasury.gov.au/sites/default/files/2021-05/p2021-164397_nairu.pdf

Topic 6: The IS-LM-PC model, adjustment from the short run to the medium run equilibrium; the 'zero' lower bound and deflation; fiscal consolidation, energy price shocks

- BSHW Ch 9

MODELLING LONG RUN EQUILIBRIUM

Topic 7: The facts of growth; why some countries are rich and some poor; convergence; sources of growth; the basic Solow growth model - saving and capital accumulation

- BSHW Chs 10 and 11
- Australian Treasury (2021) "Intergeneration Report: Australia over the next 40 years", https://treasury.gov.au/sites/default/files/2021-06/p2021_182464.pdf

Topic 8: The Solow growth model with technological progress and population growth; the future of technological progress - AI and productivity growth; inequality; climate change

- BSHW Chs 12 and 13
- R Gordon (2000) "Does the 'New Economy' Measure up to the Great Inventions of the Past?" Journal of Economic Perspectives, Fall 2000

EXTENSION OF THE CORE MODEL - THE ROLE OF EXPECTATIONS IN FINANCIAL MARKETS, EXPENDITURES AND OUTPUT FLUCTUATIONS

Topic 9: Financial markets and expectations; PDVs, yield curve, stock markets and housing; asset price bubbles

- BSHW Ch14

Topic 10: Expectations effects on consumption, investment and equilibrium output; uncertainty

- BSHW Chs 15 and 16

EXTENSION OF THE CORE MODEL - THE OPEN ECONOMY

Topic 11: Openness in all markets; the nominal and real exchange rate, multilateral exchange rates, the balance of payments, interest parity condition; the goods market in an open economy; exchange rates and net exports; saving, investment and the trade balance.

- BSHW Chs 17 and 18
- Tim Atkin, Isabel Hartstein and Jarkko Jääskelä (2021) "Determinants of the Australian Dollar Over Recent Years", <https://www.rba.gov.au/publications/bulletin/2021/mar/determinants-of-the-australian-dollar-over-recent-years.html>

Topic 12: The open economy IS-LM-IP model; fixed vs flexible exchange rate regimes

- BSHW Chs 19 and 20

EXTENSION OF THE CORE MODEL - BACK TO POLICY - A SUMMARY

Topic 13: Uncertainty and macro policy; credibility of policy-makers; fiscal policy and the government budget constraint, government debt; monetary policy and financial stability.

- BSHW Chs 21, 22, and 23
- RBA Explainer: Australia's inflation target, <https://www.rba.gov.au/education/resources/explainers/australias-inflation-target.html>

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](https://policies.mq.edu.au) (<https://policies.mq.edu.au>). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Assessment Procedure](#)
- [Complaints Resolution Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#)

Students seeking more policy resources can visit [Student Policies](https://students.mq.edu.au/support/study/policies) (<https://students.mq.edu.au/support/study/policies>). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

To find other policies relating to Teaching and Learning, visit [Policy Central](https://policies.mq.edu.au) (<https://policies.mq.edu.au>)

[du.au](#)) and use the [search tool](#).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/admin/other-resources/student-conduct>

Results

Results published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit connect.mq.edu.au or if you are a Global MBA student contact globalmba.support@mq.edu.au

Academic Integrity

At Macquarie, we believe [academic integrity](#) – honesty, respect, trust, responsibility, fairness and courage – is at the core of learning, teaching and research. We recognise that meeting the expectations required to complete your assessments can be challenging. So, we offer you a range of resources and services to help you reach your potential, including free [online writing and maths support](#), [academic skills development](#) and [wellbeing consultations](#).

Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

The Writing Centre

[The Writing Centre](#) provides resources to develop your English language proficiency, academic writing, and communication skills.

- [Workshops](#)
- [Chat with a WriteWISE peer writing leader](#)
- [Access StudyWISE](#)
- [Upload an assignment to Studiosity](#)
- [Complete the Academic Integrity Module](#)

The Library provides online and face to face support to help you find and use relevant information resources.

- [Subject and Research Guides](#)
- [Ask a Librarian](#)

Student Services and Support

Macquarie University offers a range of [Student Support Services](#) including:

- [IT Support](#)

- [Accessibility and disability support](#) with study
- Mental health [support](#)
- [Safety support](#) to respond to bullying, harassment, sexual harassment and sexual assault
- [Social support including information about finances, tenancy and legal issues](#)
- [Student Advocacy](#) provides independent advice on MQ policies, procedures, and processes

Student Enquiries

Got a question? Ask us via the [Service Connect Portal](#), or contact [Service Connect](#).

IT Help

For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#). The policy applies to all who connect to the MQ network including students.

Unit information based on version 2025.02 of the [Handbook](#)