

FINC5090 - Finance in Global Economy

Week 3: Weekly Assignment Outline

Balance of Payments

Semester 2, 2023

1 Instructions

1. Read the instructions carefully.
2. This assignment forms part of your individual assignment.
3. The DUE DATE is **10 SEPTEMBER 2023** as a part of your individual assignment. The submission link will stop accepting submissions at **23:59** on the submission date. DO NOT send your work via email if you miss the deadline.
4. Plagiarism is a serious academic offense and will result in zero marks and disciplinary action.
5. Make sure you write your *correct* Student ID as the page header. Student ID uniquely identifies an author, and it is important that the marker knows the author of an assignment.
6. Submit your assignment in PDF format only.

2 Task 1

Choose a country and analyze its balance of payments for the past 10 years (2010-2019). Below are some examples of points you may consider in your analysis.

A. Examine how trade in goods and services has evolved over time. Is the country becoming more or less competitive in world markets?

B. Consider the relationship between the country's net foreign asset position and its international investment income account.

C. If the country has run a current account deficit, what capital inflows have financed the deficit? If the country has run a current account surplus, how have the capital outflows been invested?

1. Good sources of data are the official bulletin of the country's central bank, the International Monetary Fund (IMF), or the Organization for Economic Cooperation and Development (OECD). These data are public and available for free. My suggestion is to pick a country different from your nationality.
2. Refrain from writing stories. Make your point as quickly as possible. A succinct write-up of analysis is always appreciated by the readers. Make sure you keep the core concepts of week 3 in mind when writing this task.
3. Be mindful that this task is an academic piece of work, and your write-up should reflect this fact. Make sure you know how and when to cite. Only academic journals and reputable periodicals (like the Economist, Time, American Banker, Wall Street Journal, et cetera) are allowed. A blog or some random website does not constitute a great reference.
4. You may download additional data and incorporate that into your analysis, OR you may produce some statistical analysis of the data that you may use to enrich your analysis. These are examples of *going above and beyond* the minimum required. Since this part requires additional effort from a student, it also carries a reward. If you do this, you are allowed up to 2 A4 pages (single-sided) in the appendix. The contents of the appendix should be legible. These pages may be used to present the work based on which you present your argument(s) in answering this task.
5. Based on the numbers that you get, you must present your analysis in writing. For the write-up, the limit is up to one A4-sized, single-spaced, 2.5cm margins (top, bottom, left, and right) page with the Times New Roman font of the size of 12.

3 Task 2

How did the country, which you chose in Task 1, fare during the COVID-19 pandemic?

1. Good sources of data are the official bulletin of the country's central bank, the International Monetary Fund (IMF), or the Organization for Economic Cooperation and Development (OECD). These data are public and available for free. Macroeconomic quantities such as unemployment, consumption, investment et cetera are important data that are paid attention to by various financial market participants.
2. You are free to structure your analysis, which can be cross-sectional or time-series based. In other words, you can compare countries with each other over the COVID period (2020-2021), or you can compare the same country with itself over two time periods.
3. Refrain from writing stories. Make your point as quickly as possible. A succinct write-up of analysis is always appreciated by the readers. Make sure you keep the core concepts of week 3 in mind when writing this task.
4. Be mindful that this task is an academic piece of work, and your write-up should reflect that. Make sure you know how and when to cite. Only academic journals and reputable periodicals (like the Economist, Time, American Banker, Wall Street Journal, et cetera) are allowed. A blog or some random website does not constitute a great reference.
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