

Economic Environment Analysis

Autumn Term 2025-26

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Lecturer:

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Course Description

This course introduces the main concepts and tools of international economics, with a focus on both trade and finance. On the trade side, students will study why countries trade, the role of comparative advantage and factor endowments, and the effects of trade policy. On the finance side, the course covers the balance of payments, exchange rate determination, and the functioning of open-economy macroeconomic policies. Throughout, the emphasis is on connecting theory to data and current events, enabling students to interpret global economic developments reported in financial media and to analyze their implications for business and policy.

Course Outline

Part 1: International Trade

1. World Trade: An Overview.
2. Comparative Advantage: The Ricardian Model.
3. Factor Endowments: The Heckscher–Ohlin Model.
4. Trade Policy.

Part 2: International Finance

5. Financial Globalization.
6. National Income Accounting and the Balance of Payments.
7. Exchange Rates and The Foreign Exchange Market.
8. Price Levels and the Exchange Rate.

Course Learning Objectives

Upon completing this course, students will be able to:

- Analyze trade patterns using facts and statistics on globalization and apply models of comparative advantage and factor endowments.
- Evaluate the effects of trade policy on national welfare and income distribution.
- Apply national income accounting identities to interpret the balance of payments and cross-border capital flows.

- Explain exchange rate determination through parity conditions and assess their implications for competitiveness and policy.
- Connect theory with practice by interpreting international economic developments and data reported in policy and financial sources.

Previous Knowledge

Students are expected to have a basic background in economics and quantitative methods. In particular, prior coursework in Macroeconomics I, Microeconomics I, and Applied Mathematics for Management will provide the necessary foundation for the models and applications covered in this course.

Assessment

Student performance will be evaluated based on a combination of continuous assessment and a final examination. The goal is to promote consistent engagement with the material and to develop both technical and applied knowledge of topics in international economics. The course grade is composed of four components:

- *Midterm Exam (30%)*. The midterm will assess individual understanding of the material covered in the first part of the course, focused on international trade. It will include both theoretical questions and applied exercises requiring data interpretation, critical thinking, and numerical computation.
- *Group Assignment (20%)*. Students will work in small groups on a project during the second part of the course. The assignment will cover topics in international finance and is designed to give students a hands-on approach to the subject. Data for the project will be provided. The work culminates in a written submission, emphasizing teamwork, applied skills, and the ability to draw economic insights from international data.
- *Final Exam (40%)*. The final exam will cover the entire course, including both trade and finance. It will combine theory and exercises, assessing not only foundational knowledge but also the ability to apply models and interpret data in an open-economy context.
- *Class Participation (10%)*. Active participation is expected in lectures, discussions, and hands-on activities. This includes contributing to class exercises, engaging with peers during group work, and completing occasional in-class tasks. Participation is intended to encourage consistent preparation and foster a collaborative learning environment.

To pass the course, students must achieve a mark of at least 5 out of 10 in the final exam and an overall course grade of at least 5 out of 10. For details on attendance requirements, please refer to the Attendance Policy section.

Students who do not pass the course at the first attempt are allowed to take a retake exam. The grades for the group assignment and class participation will be retained, while the retake exam will replace the combined weight of the midterm and final exams. The same passing conditions apply: students must obtain at least 5 out of 10 on the retake exam and an overall course grade of at least 5 out of 10.

Learning Material

All lecture slides and supporting materials will be made available to students through the course platform.

The primary textbook for the course is:

- *International Economics: Theory and Policy*, Global Edition, 12th edition, by Paul R. Krugman, Maurice Obstfeld, and Marc J. Melitz.

Students interested in exploring topics further may refer to:

- *International Economics* by Robert C. Feenstra and Alan M. Taylor — for a more detailed treatment of international finance.
- *International Economics* by Menzie D. Chinn and Douglas A. Irwin — for an updated discussion of recent developments in global trade and policy.

Attendance Policy

According to the BBA Programme Regulations (Section 2.2 from BBA Rules & Regulations, please check it for additional information):

“Attending class is mandatory. Student evaluation will only be possible if the minimum attendance requirement is met. This minimum attendance must be 80% for the first call and 50% for the second call. If this percentage is not exceeded, the student will receive the grade of “Not Presented”. The Program Management will consider justified absences. If the attendance percentage is below 50%, regardless of whether the absences are justified, the student may be marked as Not Presented (NP) in both the ordinary and extraordinary calls of the current academic year.”

Attendance will be taken in all sessions, and if you are not present when attendance is being checked, it will be counted as an absence. It is your responsibility to ensure that you are on the attendance list and communicate it to the professor as soon as possible, ideally in the same session. You are not required to justify absences as long as they do not exceed the 20% limit. However, if your absences exceed this threshold, Programme Management will contact you at the end of the term to request the necessary official justifications.

Discipline

This course follows strictly Esade’s Honour Code and thus, all students are expected to behave following the principle of academic honesty. Conducting any irregularity or violation of the Esade’s Honour Code will imply the application of the penalties detailed in the BBA Internal Rules and Regulations.

The situations listed below can result in class expulsion and will lead to a score of 0 in the participation grade component,

- Eating or drinking during lectures.
- Using laptops, tablets, or any electronic device for non-academic purposes.
- Leaving the class without permission; please wait for the breaks.
- Engaging in any behavior that disrupts the class.

Inclusion and Wellbeing

This course is committed to fostering an inclusive, respectful, and supportive learning environment. Discrimination of any kind has no place in the classroom. All students are expected to have equal opportunities to participate, contribute, and succeed—regardless of background, identity, or personal circumstances.

Mental health is a vital component of student wellbeing and academic performance. Students experiencing stress, anxiety, or other challenges that may affect their performance are encouraged to seek support. Esade offers dedicated student support services, and the professor is available to discuss any academic concerns in a confidential setting.

Curricular Accommodations

“Curricular accommodations” refer to adaptations or adjustments to the standard educational model to support students with specific educational needs. These measures aim to ensure equal access to learning by addressing the diversity of student realities in the classroom.

Students who require accommodations are advised to submit their request as early as possible. Detailed information is available on the *PACS website*. For additional questions, students may contact: pacs@esade.edu.