Title: "The Macroeconomy and Financial Markets"

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This mini-course will cover the connection between the macroeconomy and financial markets. It will start with a review of the literature of how risk premia for bonds and stocks vary over the business cycle, and models used to understand this variation. It will then cover financial how markets can be used to better understand the macroeconomic impacts of monetary policy on the real economy and on risk premia. Finally, it will turn to market participants' perceptions of monetary policy and macroeconomic risk, and how these in turn feed back into firms' cost of capital and real investment.

Lecture I: "Risk Premia over the Business Cycle"

Readings:
Cochrane, John H. "Macro-finance." *Review of Finance* 21.3 (2017): 945-985.
Campbell, John Y., and John H. Cochrane. "By force of habit: A consumption-based explanation of aggregate stock market behavior." *Journal of political Economy* 107.2 (1999): 205-251.
Campbell, John Y., Carolin Pflueger, and Luis M. Viceira. "Macroeconomic drivers of bond and equity risks." *Journal of Political Economy* 128.8 (2020): 3148-3185.

Lecture II: "The Standard New Keynesian Model: Theory and Financial Markets Evidence"

Readings:
Clarida, Richard, Jordi Gali, and Mark Gertler. "The science of monetary policy: a new Keynesian perspective." *Journal of economic literature* 37.4 (1999): 1661-1707.
Bernanke, Ben S., and Kenneth N. Kuttner. "What explains the stock market's reaction to Federal Reserve policy?." *The Journal of finance* 60.3 (2005): 1221-1257.
Nakamura, Emi, and Jón Steinsson. "High-frequency identification of monetary non-neutrality: the information effect." *The Quarterly Journal of Economics* 133.3 (2018): 1283-1330.
Hanson, Samuel G., and Jeremy C. Stein. "Monetary policy and long-term real rates." *Journal of Financial Economics* 115.3 (2015): 429-448.
Pflueger, Carolin, and Gianluca Rinaldi. *Why does the Fed move markets so much? A model of monetary policy and time-varying risk aversion*. No. w27856. National Bureau of Economic Research, 2020.

Lecture III: "Perceptions of Monetary Policy and Risk"

Readings:
Pflueger, Carolin, Emil Siriwardane, and Adi Sunderam. "Financial market risk perceptions and the macroeconomy." *The Quarterly Journal of Economics* 135, no. 3 (2020): 1443-1491.
Bauer, Michael D., and Eric T. Swanson. *The Fed's response to economic news explains the" Fed information effect"*. No. w27013. National Bureau of Economic Research, 2020.