Norges Bank, University of Oslo and BI Norwegian Business School are organizing a PhD course on “Macroeconomic Models with Financial Frictions” with Professor Larry Christiano (Northwestern University). Priority in participation is offered to PhD students enrolled in Nordic Universities.

Participants are expected to be familiar with the standard New Keynesian model. Main topics covered in the course:

1) **Introducing financial frictions into the New Keynesian DSGE Model.**
   a) Microfoundations for the Costly State Verification (CSV) approach
   b) Integrating CSV into an NK model and the results of Bayesian estimation of the model using US data
      i) The model.
      ii) The importance of financial shocks.
      iii) The response of monetary policy to an increase in interest rate spreads.
      iv) Dynare code for replicating the material.
   c) Extending CSV to risky banking.
   d) An open economy version of the model with financial frictions.

2) **Financial frictions in the intermediation sector.**
   a) Two approaches based on moral hazard.
i) Two-period version of Gertler-Kiyotaki financial friction model.
ii) Hidden action and implications for macro-prudential policy.

b) A dynamic, New Keynesian version of the model

c) Adverse selection.

**Preliminary schedule:**

**Monday, June 16**
09:00-10:30 Lecture 1
11:00-12:30 Lecture 2
13:30-15:00 Lecture 3

**Tuesday, June 17**
09:00-10:30 Lecture 4
11:00-12:30 Lecture 5
13:30-15:00 Lecture 6

**Wednesday, June 18**
09:00-10:00 Lecture 7
10:15-11:15 Lecture 8

**Thursday, June 19**
09:00-10:30 Lecture 9
11:00-12:30 Lecture 10

**Participation and Exam:**

Students should apply for participation to the course by sending an email to research@norges-bank.no by May 4. Acceptance to the course will be notified by May 11. There will be no fee for attending the mini-course, but participants are expected to find and cover their accommodation and travel costs. The number of course participants is limited.
The mini-course can be accredited as a course, if participants complete an assignment at the end. To register for the exam, please send an email to hilde.c.bjornland@bi.no.

Participants are expected to arrive at Norges Bank between 8:40 and 8:50 every day. A document (ID or passport) is necessary to access the building in Bankplassen 2.

Sandwiches will be offered for lunch to facilitate interaction between students and Norges Bank employees.

Students are allowed to attend the workshop on “New Developments in Business Cycle Analysis: The Role of Labor Markets and International Linkages” that will be held at Norges Bank on Friday, June 20.

We hope to see you in Oslo in June!

Hilde C. Bjørnland, Francesco Furlanetto and Steinar Holden,