
Joint Vienna Institute

Course on Macroeconomic Policies in Times of High Capital Mobility

Vienna, Austria

March 23-27, 2015

PROGRAM

Monday, March 23

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|---------------|-----|--|
| 08:30 – 09:00 | | Administrative Briefing,
Ms. Marina Scherbakova, Program Officer, Joint Vienna Institute (JVI) |
| 09:00 – 09:15 | | Opening Session
Chaired by Mr. Norbert Funke, Director, JVI |
| 09:15 – 10:15 | | Course Introduction and Quiz
Session conducted by Mr. Funke; Mr. Luis Catão, Senior Economist, Ms. Irina Bunda, Economist, and Ms. Asel Isakova, Junior Economist (all JVI) |
| 10:15 – 10:30 | | Coffee Break ¹ |
| 10:30 – 12:15 | L-1 | Capital Flows: Stylized Facts, Determinants, and Policy Challenges
Lecture by Mr. Funke <ul style="list-style-type: none">• Types of capital flows, push and pull factors• Benefits and risks associated with capital inflows• Policy implications |
| 14:00 – 15:30 | L-2 | Models of External Sector Risks and Vulnerabilities
Lecture by Mr. Catão <ul style="list-style-type: none">• Alternative crisis definitions• Signal-based and regression-based approaches• In- and out of sample performance |
| 16:00 – 17:30 | W-1 | Workshop: Early Warning Systems for Financial Crises
Facilitated by Counselors <ul style="list-style-type: none">• Macroeconomic indicators that best signal systemic crises• Detect crisis thresholds based on the noise-to-signal ratio• Construct (weighted and unweighted) crisis indicators |

¹ With the exception of the first day, coffee will be served at 10:30 a.m. and 3:30 p.m. Lunch will be from 12:30 p.m. to 2:00 p.m.

Tuesday, March 24

- 09:00 – 10:30 L-3 **International Reserves Accumulation**
Lecture by Ms. Bunda
- Evolution of FX reserves and their role
 - Forex market interventions
 - Approaches to estimate the optimal level of FX reserves
- 11:00 – 12:30 W-2 **Workshop: International Reserves Adequacy Metrics**
Facilitated by Counselors
- Assess international reserve adequacy based on various metrics
 - The new IMF ARA methodology
 - Application of the Jeanne and Rancière model
- 14:00 – 15:30 L-4 **Dealing with Capital Flows (1): The Role of Macroeconomic Policies**
Lecture by Mr. Funke
- Exchange rate appreciation, reserve accumulation, and sterilization
 - Adjustments in monetary and fiscal policies
 - Choosing among options: decision tree
- 16:00 – 17:30 L-5 **Dealing with Capital Flows (2): The Role of Macroprudential Policy**
Lecture by Ms. Isakova
- Macroprudential policy: motivation and interaction with other policies
 - Tools of macroprudential policy
 - Country experiences in building macroprudential frameworks

Wednesday, March 25

- 9:00 – 10:30 L-6 **Dealing with Capital Flows (3): The Role of Capital Controls**
Lecture by Ms. Isakova
- Main forms of capital controls
 - Uses of capital control measures
 - Empirical evidence on the effectiveness of capital controls
- 11:00 – 12:30 L-7 **Currency and Balance of Payment Crises**
Lecture by Ms. Bunda
- Families of currency crisis models
 - Currency regimes, capital flows, and crises
 - Features of IMF-supported adjustment programs
- 14:00 – 15:30 L-8 **Sudden Stops and Policy Responses**
Lecture by Ms. Bunda
- IMF advice on dealing with capital outflows
 - Responses to financial markets volatility/spillovers effects
 - Case studies of policy responses to sudden stops

16:00 – 17:30 P-1 **Participant Presentations of Country Case Studies**
Lithuania: Ms. Mariarosaria Comunale
Poland: Ms. Kamila Kuziemska-Pawlak and Mr. Łukasz Leśniewski
Russia: Mr. Peter Grintser

Thursday, March 26

9:00 – 12:30 L-9 **External Assessment Methodologies**
Lecture by Mr. Catão

- Overall analytical framework
- Earlier empirical methodologies (IMF's CGER and others)
- IMF's New External Balance Assessment (EBA) method

14:00 – 17:30 W-3 **Workshop: The EBA Approach in Practice**
Facilitated by Counselors

- Panel data regressions
- Positive vs. normative interpretations of regression residuals
- Computation of EBA gaps

Friday, March 27

09:00 – 10:30 L-10 **Guest Lecture: “Emerging Markets and the Fear of the Fed”**
Mr. Robert Burgess, Chief Economist, Emerging Markets, Deutsche Bank, London

11:00 – 12:00 **Final Quiz and Review**

12:00 – 13:00 **Feedback Session and Closing of the Course**
