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**Joint Vienna Institute**

***Course on Macroeconomic Policies in Times of High Capital Mobility***

**Vienna, Austria**

**March 24 – 28, 2014**

**PROGRAM**

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***Monday, March 24***

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- 08:30 – 09:00      **Administrative Briefing,**  
Ms. Iwona Kabat-Lefèbre, Program Officer, Joint Vienna Institute (JVI)
- 09:00 – 9:45      **Opening Session:**  
**Welcome Speech and Overview of the Course**  
Mr. Norbert Funke, Director, JVI  
**Introduction to Group Debates**  
Mr. Luis Catão, Senior Economist, Ms. Irina Bunda, Economist, and  
Ms. Asel Isakova, Junior Economist (all JVI).
- 09:45 – 10:15      **Quiz**
- 10:15 – 10:45      Coffee Break<sup>1</sup>
- 10:45 – 12:30    L-1    **Capital Flows: Stylized Facts, Determinants, and Policy Challenges**  
Lecture by Mr. Funke
- Types of capital flows, push and pull factors
  - Benefits and risks associated with capital inflows
  - Policy implications
- 14:00 – 17:30    L-2    **Capital Account Crises in Practice**  
Lecture by Ms. Bunda
- Old and new generations of financial crises
  - Sudden stops: causes and policy responses
  - Case studies of capital account reversals and adjustment programs

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<sup>1</sup> *With the exception of the first and last days, 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.*

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***Tuesday, March 25***

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- 09:00 – 10:30 L-3 **Models of External Sector Risks and Vulnerabilities**  
Lecture by Mr. Catão
- Alternative crisis definitions
  - Signal-based and regression-based approaches
  - In- and out of sample performance
- 11:00 – 12:30 W-1 **Workshop: Early Warning Systems for Financial Crises**  
Facilitated by Counselors
- Macroeconomic indicators that best signal systemic crises
  - Detect crisis thresholds based on the noise-to-signal ratio
  - Construct (weighted and unweighted) crisis indicators
- 14:00 – 15:30 L-4 **Foreign Exchange Reserves**  
Lecture by Ms. Bunda
- Evolution of FX reserves and their role
  - Approaches to estimate the optimal level of FX reserves
  - Reserves adequacy metrics
- 16:00 – 17:30 W-2 **Workshop: The Optimal Level of Forex Reserves**  
Facilitated by Counselors
- Predicting sudden stops in capital flows: panel approach
  - Assess international reserve adequacy based on various metrics
  - Jeanne and Rancière model (Economic Journal, 2011)

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***Wednesday, March 26***

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- 9:00 – 10:30 L-5 **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
- 11:00 – 12:30 L-6 **Dealing with Capital Flows (2): The Role of Macroprudential Policy**  
Lecture by Ms. Isakova
- Macroprudential policy: definition and interaction with other policies
  - Tasks and tools of macroprudential policy
  - Institutional framework and multilateral coordination

- 14:00 – 15:30 L-7 **Dealing with Capital Flows (3): The Role of Capital Controls**  
Lecture by Mr. Funke
- Main forms of capital controls
  - Capital inflows versus capital outflows measures
  - Empirical evidence on the effectiveness of capital controls
- 16:00 – 17:30 P-1 **Participants' Presentations: Country Experiences with Coping with Capital Flows & Challenges for Policymakers**
- Croatia: Mr. Alan Bobetko;
  - Poland: Ms. Beata Bierut;
  - Turkey: Messrs. Veysi Kassap and Ugur Serkan Ata.
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***Thursday, March 27***

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- 09:00 – 12:30 L-8 **External Assessment Methodologies**  
Mr. Luis Catão
- Overall analytical framework
  - Earlier empirical methodologies (IMF's CGER and others)
  - IMF's New External Balance Assessment (EBA) method
- 14:00 – 15:30 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
- 16:00 – 17:30 G-1 **Preparation for Policy Debates**
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***Friday, March 28***

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- 09:00 – 10:30 L-9 **Guest Lecture: CEE Recovery vs EM 'Crisis': A Financial Market Perspective**  
Mr. David Hauner, Head of EEMEA Fixed Income Strategy and Economics, Bank of America Merrill Lynch Global Research
- 10:45 – 12:15 P-2 **Policy Debates**  
Moderated by Mr. Norbert Funke
- 12:15 – 13:00 Light lunch at the JVI
- 13:00 – 13:30 **Final Quiz**
- 13:30 – 14:30 **Feedback session and Closing of the Course**
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