
INTERNATIONAL MONETARY FUND

**Joint Vienna Institute/Institute for Capacity Development–European and
Middle Eastern Division**

Course on Monetary and Exchange Rate Policy (JV15.34)

Vienna, Austria

November 9–20, 2015

PROGRAM¹

Monday, November 9

8:30 a.m. – 9:00 a.m.		Administrative Briefing Conducted by Ms. Tamara Tsikhistavi Program Officer, Joint Vienna Institute (JVI)
9:00 a.m. – 9:15 a.m.		Opening Session: Introductory Remarks Session conducted by Mr. Norbert Funke, Director, Joint Vienna Institute (JVI); and Mr. Ray Brooks, Chief, European and Middle Eastern Division, Institute for Capacity Development (ICD)
9:15 a.m. – 10:00 a.m.		Course Introduction and Quiz Session conducted by Mr. Brooks; Mr. Fukac, Consultant, and Mikhail Pranovich, Economist, JVI
10:00 a.m. – 10:15 a.m.		Coffee Break
10:15 a.m. – 12:15 p.m.	L-1	Monetary Policy Frameworks and Exchange Rate Regimes <i>Lecture by Mr. Brooks</i> - What are the goals of monetary policy? - Alternative monetary and exchange rate policy frameworks - How to choose a monetary and exchange rate framework
2:00 p.m. – 3:30 p.m.	L-2	Concepts, Measurement, and Determinants of Inflation <i>Lecture by Mr. Fukac</i> - Measuring headline and core inflation rates - How economic models explain inflation - Determinants of inflation
3:45 p.m. – 5:15 p.m.	W-1	Choosing a Monetary Policy Framework and Exchange Rate Regime
6:30 p.m. – 8:00 p.m.		Welcome Reception

¹ Unless otherwise stated, coffee breaks will be held from 10:30 a.m.–10:45 a.m. and from 3:30–3:45 p.m.

Tuesday, November 10

- 9:00 a.m. – 12:15 p.m. L-3 **Exchange Rates: Concepts, Measurement, and Assessments of the Equilibrium Exchange Rate**
Lecture by Mr. Pranovich
- Exchange rate concepts: bilateral vs. multilateral, nominal vs. real
 - Measures of price competitiveness: practical considerations
 - Equilibrium real exchange rate and long-run trends in real exchange rates
 - Assessment methodologies: CGER and EBA
- 2:00 p.m. – 5:15 p.m. W-2 **Workshop on Estimating the Equilibrium Real Exchange Rates**
- Application of the CGER and EBA methodologies for exchange rate assessments

Wednesday, November 11

- 9:00 a.m. – 12:15 p.m. L-4 **The Monetary Policy Transmission Mechanism**
Lecture by Mr. Brooks
- Transmission mechanism observations
 - Transmission mechanism channels (interest rate, exchange rate, asset prices, and credit)
 - Some issues faced in practice
- 2:00 p.m. – 5:15 p.m. W-3 **Workshop on Diagnosing Inflation**
Discuss recent trends in inflation and evaluate prospective inflation in Chile

Thursday, November 12

- 9:00 a.m. – 10:30 a.m. L-5 **Forward Looking Monetary Policy Frameworks**
Lecture by Mr. Brooks
- What is a forward-looking framework?
 - Inflation forecast targeting—what is it and why was it adopted?
 - Operational and design issues (dealing with oil price shocks, forex intervention as an instrument)
 - Case studies (Armenia, Chile, New Zealand)
- 10:45 a.m. – 12:30 p.m. L-6 **Monetary Policy Instruments**
Lecture by Mr. Pranovich
- Definitions of instruments: direct and indirect instruments
 - Types, pros and cons of direct instruments
 - Subordination of policy objectives: the link between policy instruments and operating objectives
 - Implementation framework: standing facilities, open market operations and required reserves
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2:00 p.m. – 5:15 p.m.	L-7	Introduction to a Small Macro Model <i>Lecture by Mr. Fukac</i> <ul style="list-style-type: none">- Structural model as a story-telling tool- Structure of a stylized small open economy model- Exchange rate regimes and monetary policy rules- First steps in making the model operational in a policy environment
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Friday, November 13

9:00 a.m. – 10.30 a.m.	L-8	Capital Flows: Macroeconomic Implications and Monetary and Exchange Rate Policy Responses <i>Lecture by Ms. Fukac</i> <ul style="list-style-type: none">- Capital flows to emerging markets: empirical facts- Capital inflows. Problems and policies to address them- Capital outflows. Sudden stops and policies to address them
10.45 a.m. – 12:15 p.m.	W-4	Case Study on Strategy for Dealing with a Surge in Capital Inflows <ul style="list-style-type: none">- Discussion of Thailand's experience with using capital controls to stabilize its economy during 2006-07
2:00 p.m. – 5:15 p.m.	O-1	Preparation for Debates On Key Issues, followed by three 20-minute debates

Monday, November 16

9:00 a.m. – 12:15 p.m.	L-9	Lessons for Monetary and Macroprudential Policies from the Recent Crisis <i>Lecture by Mr. Fukac</i> <ul style="list-style-type: none">- Consensus Before the Crisis- Lessons from the Crisis- New Proposals for Monetary Policy- The Interaction of Monetary and Macroprudential Policies
2:00 p.m. – 5:15 p.m.	W-5	Case Study on Strategies for Monetary and Exchange Rate Policy in the Aftermath of Capital Outflows <ul style="list-style-type: none">- Discussion of alternative monetary and exchange rate policy responses to sudden capital outflows using the experience of two New Member States during the global financial crisis (2008–2010)

Tuesday, November 17

9:00 a.m. – 11:15 p.m.	L-10	Consistency of Exchange Rate and Monetary Policy Objectives <i>Lecture by Mr. Pranovich</i> <ul style="list-style-type: none">- Consistency of the REER trend, inflation and nominal exchange rate objectives;- Real UIP: consistency of the REER trend, interest rate differential and sovereign premium- The long run trends and the steady state in a Small Structured Model- Trend-cycle decomposition: filtration
11:15 p.m. – 12:15 p.m.	W-6	Workshop on Using a Model for Monetary Policy Analysis Discuss the scope for monetary policy in the Czech Republic and Georgia using a simple reduced-form, new-Keynesian model: prepare a medium-term inflation forecast and discuss the setting of the monetary stance
2:00 p.m. – 5:15 p.m.	W-6	Workshop on Using a Model for Monetary Policy Analysis (continued)

Wednesday, November 18

9:00 a.m. – 10:30 a.m.	L-11	Credibility, Expectations, and Central Bank Communication Policy <i>Lecture by Mr. Brooks</i> <ul style="list-style-type: none">- What is the role of expectations?- Good communication practices- Case studies
10:45 a.m. – 12:15 p.m.	W-6	Workshop on Using a Model for Monetary Policy Analysis (continued)
2:00 p.m. – 5:15 p.m.	W-6	Workshop on Using a Model for Monetary Policy Analysis (continued)

Thursday, November 19

9:00 a.m. – 12:15 p.m.	W-6	Workshop on Using a Model for Monetary Policy Analysis (continued)
2:00 p.m. – 2:30 p.m.		Quiz
2:30 p.m. – 3:30 p.m.	W-6	Workshop on Using a Model for Monetary Policy Analysis (continued)
3:45 p.m. – 5:15 p.m.	W-6	Workshop on Using a Model for Monetary Policy Analysis: Group Presentations
		Farewell Dinner (7:00 pm)

Friday, November 20

9:00 a.m. – 10:30 a.m.		Monetary Policy Design and Implementation in Georgia <i>Seminar by Mr. Archil Imnaishvili</i> <i>National Bank of Georgia</i>
10:45 a.m. – 11:30p.m.		Closing Session and Presentation of Certificates (includes evaluation)
