INTERNATIONAL MONETARY FUND

Joint Vienna Institute / Institute for Capacity Development

Course on Macro-Financial Surveillance

Vienna, Austria

July 25– August 5, 2016

PROGRAM

Monday, July 25

9:00 a.m. – 9:30 a.m.		**Administrative Briefing**
9:30 a.m. – 10:00 a.m.		**Opening Session** Mr. Norbert Funke, Director, Joint Vienna Institute Mr. Marco Espinosa-Vega, IMF Mr. Francisco Vazquez, IMF Mr. Adam Gersl, JVI
10:00 a.m. – 10:30 a.m.		**Quiz**
10:45 a.m. – 12:15 p.m.	L-1	**Motivating Financial Sector Surveillance: Macro-Financial Linkages and Crises** • Financial Crises and vulnerabilities • The Importance of Macro-Financial Linkages • Course objectives and roadmap *Mr. Marco Espinosa-Vega, IMF*
2:00 p.m. – 3:30 p.m.	L-2	**Business Model of Banks and Non-Bank Financial Intermediaries** • Banks' and Non-bank financial intermediaries' business models • A review of bank profitability, provisioning and capital • Bank and shadow bank linkages and measurement issues *Mr. Espinosa-Vega*
3:45 p.m. – 5:15 p.m.	W-1	**Fundamentals of Financial Ratios Analysis** *Messrs. Espinosa-Vega, Vazquez, and Gersl*

Tuesday, July 26		
9:00 a.m. – 12:15 p.m.	L-3	**Market and Interest Rate Risk** • Source of sensitivities to market risk: mark-to-market rules, duration, repricing gaps, and open positions • Market risk models (VaR, earnings-at-risk) • Market and interest risk mitigation: private practices (hedging) and regulation (Basel capital charges for market risk). *Mr. Francisco Vazquez, IMF*
2:00 p.m. – 5:15 p.m.	W-2	**Workshop on Market and Interest Rate Risk** *Messrs. Espinosa-Vega, Vazquez, Gersl*
Wednesday, July 27		
9:00 a.m. – 12:15 p.m.	L-4	**Credit risk** • The concept of default • Key credit risk indicators • Provisioning and regulatory rules in the area of credit risk *Mr. Adam Gersl, JVI*
2:00 p.m. – 5:15 p.m.	W-3	**Workshop on Credit Risk** *Messrs. Espinosa-Vega, Vazquez, Gersl*
Thursday, July 28		
9:00 a.m. – 10:30 a.m.	L-5	**The IMF's Financial Soundness Indicators** • Overview of the IMF's Financial Soundness Indicators (FSIs) • Limits to FSIs • IMF's work in financial sector surveillance (FSAPs) *Mr. Vazquez*
10:45a.m.- 12:15 p.m.	W-4	**Workshop on Financial Soundness Indicators** *Messrs. Espinosa-Vega, Vazquez, Gersl*
2:00 p.m. – 3:30 p.m.	L-6	**Extracting Information from Credit Spreads** • Credit spread puzzle • Credit default swaps (CDS) • Calculating the PD from bond spreads and CDS spreads *Mr. Gersl*
3:45 p.m. – 5:15 p.m.	W-5	**Workshop on Extracting Information from Credit Spreads** *Messrs. Espinosa-Vega, Vazquez, Gersl*

Friday, July 29		
9:00 a.m. – 10:30 a.m.	L–7	**Funding and Liquidity Risk** • Sources and measures of liquidity and funding risks risk • Scenario analysis for liquidity risk • Liquidity stress testing *Mr. Gersl*
10:45 a.m. – 12:15 p.m.	W-6	**Workshop on Liquidity Stress Testing** *Messrs. Espinosa-Vega, Vazquez, <u>Gersl</u>*
2:00 p.m. – 3:30 p.m.	L-8	**Macro Stress Testing of Solvency** • Key steps in designing macro stress tests for solvency • Calibration of shocks and assessing the impact on the banking sector *Mr. Vazquez*
3:45 p.m. – 5:15 p.m..	W-7	**Workshop on Stress Testing** *Messrs. Espinosa-Vega, <u>Vazquez</u>, Gersl*

Monday, August 1		
9:00 a.m. – 10:30 a.m.	L-9	**Sovereign Risk** • Indicators of sovereign risk • Regulatory treatment of sovereign exposures • Positive and negative aspects of linkages between the banking sector and sovereign entities *Mr. Espinosa-Vega*
10:45 a.m. – 12:15 p.m.	W-8	**Workshop on Sovereign Risk** *Messrs. <u>Espinosa-Vega</u>, Vazquez, Gersl*
2:00 p.m. – 3:30 p.m.	L-10	**Time Dimension of Systemic Risk** • Procyclicality (including leverage through the business cycle) • Key variables for surveillance of systemic risk accumulation • Early warning systems based on housing market prices and credit growth. *Mr. Gersl*
3:45 p.m. – 5:15 p.m.	W-9	**Workshop on Time Dimension of Systemic Risk** *Messrs. Espinosa-Vega, Vazquez, <u>Gersl</u>*

Tuesday, August 2		
9:00 a.m. – 10:30 a.m.	L-11	**Basel Capital Accords Basel I-II: Overview** • Evolution of Basel regulation • Capital requirements *Mr. Espinosa-Vega*
10:45 a.m. – 12:15 p.m.	L-12	**Cross-Sectional Dimension of Systemic Risk** • Interconnectedness • Indicators based on Balance Sheet Data (including Network Analysis) • Indicators based on Market Data (including CoVaR, Expected Shortfall, and JPoD) *Mr. Espinosa-Vega*
2:00 p.m. – 3:30 p.m.	W-10	**Workshop on Cross-Sectional Dimension of Systemic Risk** *Messrs. Espinosa-Vega, Vazquez, Gersl*
3:45 p.m. – 5:15 p.m.	O-1	**Preparation for participants' presentations**
Wednesday, August 3		
9:00 a.m. – 10:30 a.m.	L-13	**Regulatory and Prudential Framework: Basel III and Beyond** • Basel III standards • Regulatory-induced pro-cyclicality • Limitations to the micro-prudential approach and new regulatory developments *Mr. Espinosa-Vega*
10:45 a.m. – 12:15 p.m.	O-2	**Preparation for participants' presentations**
2:00 p.m. – 5:15 p.m.	O-2	**Preparation for participants' presentations**
Thursday, August 4		
9:00 a.m. – 10:30 a.m.	L-14	**Systemic Liquidity Risk** • Market liquidity indicators • Funding/market liquidity funding loop • Fire sales and systemic risk *Guest Lecturer*
10:45 a.m. – 12.15 p.m.	W-11	**Workshop on Systemic Liquidity Risk** *Messrs. Espinosa-Vega, Vazquez, Gersl, Guest*
2:00 p.m. – 5:15 p.m.	O-3	**Participants' presentations** *Messrs. Espinosa-Vega, Vazquez, Gersl*
Friday, August 5		
9:30 a.m. – 10:30 a.m.	O-4	**QUIZ**
10:45 a.m. – 1:00 p.m.		**Roundtable** **Evaluations and Presentation of Certificates**