

INTERNATIONAL MONETARY FUND

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

Course on Monetary and Exchange Rate Policy (JV16.30)

Vienna, Austria

November 7–18, 2016

PROGRAM¹

Monday, November 7

8:15 a.m. – 9:00 a.m.		Administrative Briefing Conducted by Ms. Iwona Kabat Lefebvre Program Officer, Joint Vienna Institute (JVI)
9:00 a.m. – 9:15 a.m.		Opening Session: Introductory Remarks Session conducted by Mr. Tom Richardson, Director, Joint Vienna Institute (JVI); Ms. Hali Edison (Deputy Chief, European and Middle Eastern Division, (ICD), Mr. Ray Brooks (ICD) and Mr. Fukac, Consultant
9:15 a.m. – 10:00 a.m.		Course Introduction and Test Session conducted by Ms. Hali Edison, Mr. Ray Brooks, and Mr. Fukac
10:00 a.m. – 10:15 a.m.		Coffee Break
10:15 a.m. – 12:15 p.m.	L–1	Monetary and Exchange Rate Policy Frameworks and Strategies <i>Lecture by Mr. Brooks, Chief, European and Middle Eastern Division, ICD.</i> <ul style="list-style-type: none">- 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 Ms. Edison</i> <ul style="list-style-type: none">- Discuss cost of excessively high/low inflation- Describe the measurement of inflation, including headline and core inflation- Introduce the Phillips curve and 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 8

- 9:00 a.m. – 12:15 p.m. L-3 **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
 - How to strengthen the transmission mechanism?
- 2:00 p.m. – 5:15 p.m. W-2 **Workshop on Diagnosing Inflation**
Discuss recent trends in inflation and evaluate prospective inflation in Chile
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Wednesday, November 9

- 9:00 a.m. – 12:15 p.m. L-4 **Exchange Rates: Concepts, Measurement, and Assessments of the Equilibrium Exchange Rate**
Lecture by Ms. Edison
- 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: EBA
- 2:00 p.m. – 5:15 p.m. W-3 **Workshop on Estimating the Equilibrium Real Exchange Rates**
- **Part A:** Application of the EBA methodologies for exchange rate assessments and **Part B:** Exchange Rates and Monetary Policy: The Case of Russia
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Thursday, November 10

- 9:00 a.m. – 10:30 a.m. L-5 **Inflation Forecast Targeting**
Lecture by Mr. Brooks
- Why adopt a forward-looking framework?
 - What is inflation forecast targeting?
 - Key operational and design issues
 - Case studies (Armenia, Chile, Israel, New Zealand)
- 10:45 a.m. – 12:30 p.m. L-6 **Monetary Policy Instruments**
Lecture by Ms. Edison
- Definitions of instruments: direct and indirect instruments
 - Types, pros and cons of direct instruments
 - The link between policy instruments and operating objectives
 - Types, pros and cons of indirect instruments

- 2:00 p.m. – 5:15 p.m. L-7 **Introduction to a Small Macro Model**
Lecture by Mr. Fukac
- 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 11

- 9:00 a.m. – 10.30 a.m. L-8 **Managing Capital Flows:**
Lecture by Mr. Brooks
- Economic impact of capital flows
 - Macroeconomic policy response
 - Prudential policy response
 - Capital flow measures
- 10:45 a.m. – 12:15 p.m. W-4 **Case Study on Strategy for Dealing with a Surge in Capital Inflows**
- 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**
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Monday, November 14

- 9:00 a.m. – 12:15 p.m. L-9 **Lessons for Monetary and Macroprudential Policies from the Recent Crisis**
Lecture by Mr. Fukac
- 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**
- 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)
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Tuesday, November 15

- 9:00 a.m. – 11:15 a.m. L-10 **Consistency of Exchange Rate and Monetary Policy Objectives**
Lecture by Mr. Fukac
- 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 a.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)**
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Wednesday, November 16

- 9:00 a.m. – 10:30 a.m. L-11 **Role of Central Bank Communications**
Lecture by Ms. Edison
- Why central banks communicate
 - What central banks should communicate
 - How central banks communicate
- 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)**
- 7 pm. Farewell Dinner [To be confirmed with JVI]**
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Thursday, November 17

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.		End-of-course test
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

Friday, November 18

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. – 11.30a.m.		Closing Session and Presentation of Certificates (includes evaluation)
