
Joint Vienna Institute

Course on Macroeconomic Policies in Times of High Capital Mobility

Vienna, Austria

March 21-25, 2016

PROGRAM

Monday, March 21

- 08:30 – 09:00 **Administrative Briefing,**
Mr. Maksym Dutsyak, 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; Ms. Irina Bunda, Economist; and Ms. Asel Isakova, Economist (all JVI)
- 10:15 – 10:30 Coffee Break¹
- 10:30 – 12:15 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 – 15:30 L-2 **Guest Lecture: Global Drivers and Effects of Capital Flows: Views from the Recent Literature**
Mr. Dubravko Mihaljek, Head of Macroeconomic Analysis, Bank for International Settlements (BIS)
- 16:00 – 17:30 L-3 **Balance of Payment Crises**
Lecture by Ms. Bunda
- Families of currency crisis models
 - Crisis management: dealing with capital outflows
 - The case study of Latvia

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 22

- 09:00 – 10.30 L-4 **Models of External Sector Risks and Vulnerabilities**
Lecture by Ms Bunda
- 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-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
- 16:00 – 17:30 L-6 **Dealing with Capital Flows (2): The Role of Macroprudential Policy**
Lecture by Ms. Isakova
- Macroprudential policy: interaction with other policies
 - Tools of macroprudential policy
 - Country experiences in using macroprudential tools

Wednesday, March 23

- 09:00 – 10.30 L-7 **FX Intervention and 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 Ranci re model
- 14:00 – 15:30 L-8 **Dealing with Capital Flows (3): The Role of Capital Controls**
Lecture by Ms. Isakova
- Main forms of capital controls
 - Uses of capital controls
 - Empirical evidence: effects of capital controls

- 16:00 – 17:30 W-3 **Workshop: Dealing with Capital Flows: The Case of Thailand**
Facilitated by Counselors
- Real-economy and financial-sector challenges
 - Discuss the pros/cons of capital controls
 - Alternative policy options
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Thursday, March 24

- 09:00 – 12:30 L-9 **External Assessment Methodologies (cont.)**
Lecture by Mr. Funke
- Overview analytical framework
 - Earlier empirical methodologies (IMF's CGER and others)
 - IMF's New External Balance Assessment (EBA) method

- 14:00 – 17:30 W-4 **Workshop: The EBA Approach in Practice**
Facilitated by Counselors
- Panel data regressions
 - Positive vs. normative interpretations of regression residuals
 - Computation of EBA gaps
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Friday, March 25

- 9:00 – 10:30 W-5 **Participant Presentations of Country Case Studies**
Facilitated by Counselors
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11:00 – 12:00 **Final Quiz and Review**

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