

**INTERNATIONAL MONETARY FUND**  
**Joint Vienna Institute / Institute for Capacity Development**  
**Course on Monetary Policy (JV18.02)**  
**Vienna, Austria**  
**January 29 – February 09, 2018**  
**Program<sup>1</sup>**

***Monday, January 29***

8:30 a.m. – 9:00 a.m.		<b>Administrative briefing</b> Ms. Tamara Tsikhistavi, Program officer (JVI)
9:00 a.m. – 9:30 a.m.		<b>Opening session: Introductory remarks</b> Mr. Richardson, Director (JVI) Ms. Alina Carare, Deputy Division Chief (ICDAC) Mr. Tibor Hledik Senior Economist (JVI) Mr. Alexei Miksjuk, Economist (JVI)
9:30 a.m. – 10:15 a.m.		<b>Initial test</b>
10:15 a.m. – 10:45 a.m.		<b>Tea/coffee break</b>
10:45 a.m. – 12:15 p.m.	<b>L-1</b>	<b>Introductory Lecture</b> Lecture by Ms. Carare <ul style="list-style-type: none"> <li>• Role of monetary policy in macroeconomic stabilization</li> <li>• Lessons learned and remaining challenges</li> <li>• Brief introduction of the course (outline and methods)</li> </ul>
12:30 p.m. – 12:45 p.m.		<b>Group photo</b>
2:00 p.m. – 3:30 p.m.	<b>L-2</b>	<b>Institutional Framework, Goals and Links with other Policies</b> Lecture by Ms. Carare <ul style="list-style-type: none"> <li>• Money and their evolving format; the need for monetary policy</li> <li>• Role of price stability; policy tradeoffs arising from multiple goals</li> <li>• The role of central bank autonomy, accountability and transparency</li> <li>• Monetary policy interactions with other policies (fiscal, exchange rate, financial)</li> </ul>
4:00 p.m. – 5:30 p.m.	<b>PP-1</b>	<b>Participants' Presentations: Institutional Framework, Goals and Links with other Policies</b> Facilitated by Ms. Carare <ul style="list-style-type: none"> <li>• Gather information about the institutional framework in your country: monetary policy objectives, central bank autonomy and accountability, and interactions of monetary policy with other policies (20 minutes)</li> <li>• Present your findings to your colleagues, and discuss in group main similarities and differences (70 minutes)</li> </ul>
6:00 p.m.		<b>Welcome reception</b>

<sup>1</sup> Coffee breaks will be held from 10:30 a.m. to 11:00 a.m., and from 3:30 p.m. to 4:00 p.m., unless otherwise indicated. The lunch breaks will be from 12:30 a.m. to 2:00 p.m.

---

**Tuesday, January 30**

---

9:00 a.m. – 10:30 a.m.	<b>L-3</b>	<b>Main Concepts and Measurements Used in Monetary Policy Analysis</b> Lecture by Ms. Carare <ul style="list-style-type: none"><li>• Understanding transitory versus permanent trends in main economic variables: output, real interest rate, real exchange rate, inflation</li><li>• How to assess transitory movements versus permanent trends in economic variables</li></ul>
11:00 a.m. – 12:30 a.m.	<b>L-4</b>	<b>Monetary Policy Transmission Mechanism (MTM)</b> Lecture by Mr. Miksjuk, <ul style="list-style-type: none"><li>• Importance of understanding monetary policy transmission channels</li><li>• How policy changes are transmitted to the real economy</li><li>• Role of exchange rate pass-through and interest rates term structure in transmission in the MTM</li></ul>
2:00 p.m. – 3:30 p.m.	<b>L-5</b>	<b>Operational Framework</b> Lecture by Mr. Miksjuk <ul style="list-style-type: none"><li>• Central bank's balance sheet</li><li>• How central banks manage reserves to implement monetary policy</li><li>• How central bank instruments are employed to attain operational target and influence the real economy as desired</li></ul>
4:00 p.m. – 4:45 p.m.	<b>CS-1</b>	<b>Case study on Monetary Policy Transmission Mechanism in developing countries</b> Facilitated by Mr. Miksjuk <ul style="list-style-type: none"><li>• Discuss MTM impediments in developing countries in general (30 minutes)</li><li>• Discuss operational framework, and MTM in your country (60 minutes)</li></ul>

---

**Wednesday, January 31**

---

9:00 a.m. – 10:30 a.m.	<b>L-6</b>	<b>Central Bank Communications</b> Lecture by Mr. Hledik, <ul style="list-style-type: none"><li>• Why, what and how to communicate</li><li>• Principles of effective communications, including forward guidance</li></ul>
11:00 a.m. – 12:30 a.m.	<b>L-7</b>	<b>Role of Forecasting and Policy Analysis System</b> Lecture by Mr. Hledik <ul style="list-style-type: none"><li>• The importance of forward looking monetary policy</li><li>• Organization of the forecast</li><li>• The role of reporting; the forecasting and policy analysis system (FPAS)</li></ul>
2:00 p.m. – 3:30 p.m.	<b>L-8</b>	<b>A Quantitative Framework for Monetary Policy Analysis</b> Lecture by Mr. Hledik <ul style="list-style-type: none"><li>• Role of models in systematic monetary policy analysis</li></ul>

- Monetary policy transmission in a simple structural model under various frameworks (modeled by simple policy reaction functions)
- Role of subsequent hands-on workshops; what will be done, and how the results would look like

4:00 p.m. – 5:30 p.m.

**W-1 Introduction to Workshop Based Model**

Facilitated by Mr. Hledik

- Presenting the graphical user interactive interface (GUI), overview of the workshop, and basic description of data
- Compare impulse responses for main economic variables following aggregate supply shocks: (i) increase in core inflation, and in (ii) domestic food prices, in all frameworks/regimes
- Compare impulse responses for main economic variables following a negative aggregate demand shock, in each regime

*Thursday, February 01*

9:00 a.m. – 10:30 a.m.

**L-9 Monetary Policy in Hard Pegs**

Lecture by Ms. Carare

- Why countries fix their exchange rate; pros and cons for a fixed exchange rate system, and when these regimes work best
- How monetary policy operates in hard and soft pegs
- Monetary policy in a currency union: one instrument; asymmetric transmission of shocks; the role of the exchange regime for the union

11:00 a.m. – 12:30 a.m.

**W-2 Workshop on Monetary Policy in Hard Pegs**

Facilitated by counselors

- The response of the model economy to core inflation, aggregate demand, foreign output, foreign inflation, and terms of trade shocks
- Compare the response of the economy to different shocks depending the degree of price flexibility

2:00 p.m. – 3:30 p.m.

**W-2 (Continued)**

- Using the case of Latvia in 2008 Q1, study how the economy reacts to a negative output and inflation shock
- Discuss the forecast and potential impact on the Latvian economy of two policy options in 2008 Q1: (i) maintaining the currency board (internal devaluation) and (ii) floating (external depreciation)

4:00 p.m. – 4:30 p.m.

**CS-2 Case Study on Monetary Policy in Hard Pegs**

Facilitated by Ms. Carare

- Actual developments in Latvia: compare model predictions with outcome, assess role of policies, and other developments

- Further discuss the case of Latvia during the global financial crisis: policy trade-offs, the role of institutions allowing internal devaluation and the role of other policies to deliver the adjustment needed to maintain the currency board

4:30 p.m. – 4:45 p.m.	<b>PP-2</b>	<b>Participants’ presentations - Monetary Policy in Hard Pegs</b> Facilitated by Ms. Carare
		<ul style="list-style-type: none"> <li>• Implementing Monetary Policy in FYR Macedonia</li> </ul>
4:45 p.m. – 5:30 p.m.	<b>PP-2</b>	<b>Participants’ presentations</b> Facilitated by Ms. Carare
		<ul style="list-style-type: none"> <li>• Transitioning to a floating regime: []</li> </ul>

***Friday, February 02***

9:00 a.m. – 10:30 a.m.	<b>L-10</b>	<b>Monetary Policy in Reserve Money and Flexible Money Targeting and Evolving Regimes</b> Lecture by Ms. Carare
		<ul style="list-style-type: none"> <li>• Theoretical underpinnings: quantity theory, commitment to an intermediate target, transmission mechanism</li> <li>• Reserve money targeting in practice</li> <li>• Transition to flexible money targeting: changing roles of “price” vs. “quantity” and information content of monetary aggregates</li> </ul>
11:00 a.m. – 12:30 a.m.	<b>W-3</b>	<b>Workshop on Monetary Policy in Reserve Money and Flexible Money Targeting and Evolving Regimes</b> Facilitated by counselors
		<ul style="list-style-type: none"> <li>• The response of the model economy to core inflation, domestic demand, foreign output, and foreign inflation shocks</li> <li>• The response of the model economy to an increase in money demand, and in equilibrium money velocity</li> <li>• The response of the model economy to an increase in money demand under flexible money targeting</li> </ul>
2:00 p.m. – 3:30 p.m.	<b>W-3</b>	<b>(Continued)</b>
		<ul style="list-style-type: none"> <li>• Model fitted to Tanzania data to show how the economy responds to a money demand shock, the role of relaxing money targets and what is the optimal pace of tightening given inflation risks in 2010 Q3</li> <li>• Model fitted to discuss Uganda (flexible money targeting with managed float) to illustrate why the policy framework was reformed in 2011 Q2 (moving to inflation targeting lite)</li> </ul>
4:00 p.m. – 4:30 p.m.	<b>CS-3</b>	<b>Case Study on Monetary Policy in Reserve Money and Flexible Money Targeting and Evolving Regimes</b> Facilitated by Ms. Carare
		<ul style="list-style-type: none"> <li>• Tanzania: traditional reserve money targeting in practice</li> </ul>

4:30 p.m. – 5:00 p.m.      **PP-3**    **Participants Presentations on Monetary Policy in Reserve Money and Flexible Money Targeting and Evolving Regimes**

- Implementing Monetary Policy in Belarus, Tajikistan and Uzbekistan

---

***Monday, February 05***

---

9:00 a.m. – 10:30 a.m.      **L-11**    **Monetary Policy in Inflation Targeting (IT) regimes**

- Lecture by Mr. Hledik
- Inflation targeting: an introduction and theoretical underpinnings
- Empirical evidence of how effective IT is; pros and cons for implementing such a framework; policy tradeoffs
- Operational and design issues in IT, including transitioning into IT and further into Inflation Forecast targeting (IFT)

11:00 a.m. – 12:30 a.m.      **W-4**    **Workshop on Monetary Policy in Inflation Targeting regimes**  
Facilitated by counselors

- The response of the model economy to core inflation, domestic demand, foreign output, foreign inflation, and equilibrium real exchange rate shocks
- The role of central bank credibility illustrated through the response of the economy to aggregate supply and aggregate demand shocks and changes in parameters (Phillips curve and policy rule)

2:00 p.m. – 3:30 p.m.      **W-4**    **(Continued)**

- Model is fitted with data from Chile to illustrate the challenges of reacting to an inflationary shock during an economic recovery and policy options in 2010Q3
- Importance of flexibility in exchange rate and central bank credibility under inflation targeting

4:00 p.m. – 4:30 p.m.      **CS-4**    **Case Study on Monetary Policy in Inflation Targeting regimes: Chile**  
Facilitated by Mr. Hledik  
Role of institutions and coordination of policies for a successful IT

4:30 p.m. – 5:30 p.m.      **PP-4**    **Participants Presentations 4**

- Implementing Monetary Policy in Hungary, Romania, Turkey, Russia

---

***Tuesday, February 06***

---

9:00 a.m. – 10:30 a.m.      **L-12**    **Monetary Policy in Hybrid Regimes**  
Lecture by Mr. Miksjuk

- What is a hybrid monetary policy regime and what are its goals?
- How these regimes work in practice?

		<ul style="list-style-type: none"> <li>• Lessons learned and why those regimes are still chosen/implemented</li> </ul>
11:00 a.m. – 12:30 a.m.	<b>W-5</b>	<b>Workshop on Monetary Policy in Hybrid Regimes</b> Facilitated by Counselors <ul style="list-style-type: none"> <li>• The response of the model economy to core inflation, domestic demand, foreign output, foreign inflation</li> <li>• The response of the model economy to terms of trade and equilibrium real exchange rate shocks</li> </ul>
2:00 p.m. – 3:30 p.m.	<b>W-5</b>	<b>(Continued)</b> <ul style="list-style-type: none"> <li>• Model fitted to discuss Malaysia (inflation targeting and managed float) to reflect policy options in 2008 Q3: tightening, or “wait and see”</li> </ul>
4:00 p.m. – 4:30 p.m.	<b>CS-5</b>	<b>Case Study on Monetary Policy in Hybrid Regimes</b> Facilitated by Miksjuk <ul style="list-style-type: none"> <li>• Discuss the model performance in relation to real data in Malaysia during the periods in question</li> </ul>
4:30 p.m. – 5:30 p.m.	<b>PP-5</b>	<b>Participants Presentations</b> <ul style="list-style-type: none"> <li>• Implementing Monetary Policy in Azerbaijan, Croatia, Iran, Czech Rep.</li> </ul>

---

***Wednesday, February 07***

---

9:00 a.m. – 10:30 a.m.	<b>L-13</b>	<b>Comparing Monetary Frameworks</b> Lecture by Mr. Hledik <ul style="list-style-type: none"> <li>• Monetary policy frameworks: role of strategy (goals) and tactics (instruments, operating target), available choices of nominal anchor</li> <li>• Evolution of frameworks and interaction with exchange rate regimes</li> <li>• How to choose and strengthen monetary policy frameworks</li> </ul>
11:00 a.m. – 12:30 a.m.	<b>L-14</b>	<b>Monetary Policy in Fund Supported Programs</b> Lecture by Ms. Carare <ul style="list-style-type: none"> <li>• Role of policy (especially monetary) conditionality in Fund supported programs</li> <li>• Monetary policy conditionality under various frameworks: (i) fixed exchange rate regimes, (ii) money targeting, (iii) inflation targeting and (iv) evolving monetary policy regimes</li> <li>• Experience with monetary policy targets in Fund supported programs: empirical evidence and adherence to program targets</li> <li>• Experience with monetary policy targets in Fund supported programs (presentation by participants): Albania, Armenia, Georgia, Moldova, Poland, Serbia, Ukraine</li> </ul>
2:00 a.m. – 3:30 p.m.	<b>PP-6</b>	<b>Preparations for Participants’ Presentations</b> Facilitated by counselors
4:00 p.m. – 5:30 p.m.	<b>PP-6</b>	<b>Preparations for Participants’ Presentations</b> Facilitated by counselors

---

**Thursday, February 08**

---

9:00 a.m. – 10:30 a.m.	<b>L-15</b>	<b>Unconventional Monetary Policies</b> Lecture by Mr. Miksjuk <ul style="list-style-type: none"><li>• What is quantitative easing (QE) and why it is needed</li><li>• What is the impact on the economy: monetary aggregates central bank balance sheet, inflationary impact; preparations for exiting these policies</li><li>• Spillovers on emerging market and lower income economies</li></ul>
11:00 a.m. – 12:30 a.m.	<b>L-16</b>	<b>Monetary Policy, Financial Stability and Macro Prudential Policy</b> Lecture by Mr. Miksjuk <ul style="list-style-type: none"><li>• “Leaning against the wind” debate</li><li>• Tradeoffs between economic and financial stabilization, including when the economy is operating close to potential</li><li>• Risk taking channel, and implications for emerging market and low income countries</li><li>• Implementing macroprudential and monetary policies to avoid crises</li></ul>
2:00 a.m. – 3:30 p.m.	<b>PP-6</b>	<b>Preparations for Participants’ Presentations</b>
4:00 p.m. – 5:30 p.m.	<b>PP-7</b>	<b>Participants’ Presentations</b>

---

**Friday, February 09**

---

9:00 a.m. – 10:30 a.m.	<b>Final quiz and course evaluations</b>
10:30 a.m. – 11:15 a.m.	<b>Tea/coffee break</b>
11:15 a.m. – 11:45 a.m.	<b>Concluding Session</b>
11:45 p.m. – 12:15p.m.	<b>Presentation of Certificates</b>

---