

INTERNATIONAL MONETARY FUND

IMF Institute for Capacity Development (ICD)-Joint Vienna Institute (JVI)
Course on External Vulnerabilities and Early Warning Exercise (JV 15.37)

Vienna, Austria

December 7-18, 2015

Reading List

(Supplementary readings may be referenced in Lecture Presentations)

Sessions	Topic	Source
L-0	Vulnerabilities and Crises Reinhart, Carmen M, and Kenneth S Rogoff. 2014. "Financial and Sovereign Debt Crises: Some Lessons Learned and Those Forgotten," in S. Claessens, M.A. Kose, L. Laeven, and F. Valencia Eds.). <i>Financial Crises: Causes, Consequences, and Policy Responses</i> . Chapter 3: 141-155	Course website
	Taylor, Alan 2014. "External Imbalances and Financial Crises," in S. Claessens, M.A. Kose, L. Laeven, and F. Valencia Eds.). <i>Financial Crises: Causes, Consequences, and Policy Responses</i> . Chapter 6: 193-206	Course website
Unit 1	Forecasting methods for tail risks Shin, Hyun Song 2014. "Procyclicality and the Search of Early Warning Indicators," in S. Claessens, M.A. Kose, L. Laeven, and F. Valencia Eds.). <i>Financial Crises: Causes, Consequences, and Policy Responses</i> . Chapter 4: 193-206	Course website
	De Nicolo, Gianni and Lucchetta, Marcella, Forecasting Tail Risks (November 3, 2015). Journal of Applied Econometrics, Forthcoming. Available at SSRN: http://ssrn.com/abstract=2685707	Internet only

Sessions	Topic	Source
Unit 2	Fiscal Vulnerability I: Assessing Debt Sustainability IMF Institute, 2012, <i>Financial Programming and Policies</i> , Chapters 9 and 10, (unpublished; Washington: International Monetary Fund) IMF, 2013, “Staff Guidance Note on Debt Sustainability Analysis for Market Access Countries” (Washington). http://www.imf.org/external/np/pp/eng/2013/050913.pdf	Course website
Unit 3	Financial Vulnerabilities I: Taxonomy and measurement of financial risks Laeven, Luc, and Fabián Valencia (2014), “Systemic Banking Crises,” <i>Financial Crises: Causes, Consequences, and Policy Responses</i> (edited by Stijn Claessens and others), Chapter 2, pp. 61-138. Čihák, Martin (2014), “Stress Tester: A Toolkit for Bank-by-Bank Analysis with Accounting Data,” <i>A Guide to IMF Stress Testing</i> (edited by Li Lian Ong), Chapter 3, pp. 17-44.	Course website Course website
Unit 4	External Vulnerabilities I: Bond yields and sovereign default risk IMF, 2010, “The IMF-FSB Early Warning Exercise: Design and Methodological Toolkit” (Washington), pp.22-23. Alper, E., L. Forni and M. Gerard, 2012, “Pricing of Sovereign Credit Risk: Evidence from Advanced Economies During the Financial Crisis,” IMF Working Paper 12/14. http://www.imf.org/external/pubs/ft/wp/2012/wp1224.pdf	Course website Internet only
Unit 5	Financial Vulnerabilities II: Implementing Stress Testing Oura, Hiroko, and Liliana Shumacher, 2012, “Macrofinancial Stress Testing: Principles and Practices,” IMF Paper on Policy (Washington: International Monetary Fund). http://www.imf.org/external/np/pp/eng/2012/082212.pdf	Internet only

Sessions	Topic	Source
Unit 6	Fiscal Vulnerability II: Short-term risks IMF, 2010, “The IMF-FSB Early Warning Exercise: Design and Methodological Toolkit” (Washington), pp.22-23. http://www.imf.org/external/pp/longres.aspx?id=4479 Schaechter, Andrea, and others, 2012, “A Toolkit for Assessing Fiscal Vulnerabilities and Risks in Advanced Economies,” IMF Working Paper No. 12/11. http://www.imf.org/external/pubs/ft/wp/2012/wp1211.pdf	Course website Internet only
Unit 7	External Vulnerabilities II: Current Account Imbalances Phillips, Steven, and others (2013), “The External Balance Assessment (EBA) Methodology,” IMF Working Paper, WP/13/272. International Monetary Fund (2015), 2015 External Sector Report, July 27.	Internet only Internet only
Unit 8	Financial Vulnerabilities III: Financial Cycles, Business Cycles and Systemic Risk Drehmann, Mathias, and others, 2012, “Characterizing the Financial Cycle: Don’t Lose Sight of the Medium Term!” BIS Working Paper No 380, June. Adrian, Tobias, and Markus K Brunnermeier. “CoVaR”. <i>American Economic Review</i> (Forthcoming).	Internet only Course website
Unit 9	Fiscal Vulnerability III: From Fiscal Stance to Fiscal Gaps IMF, 2010, “The IMF-FSB Early Warning Exercise: Design and Methodological Toolkit” (Washington), pp.22-23. http://www.imf.org/external/pp/longres.aspx?id=4479 Ostry, Jonathan D., and others, 2010, “Fiscal Space”, IMF Staff Position Note 10/11. http://www.imf.org/external/pubs/ft/spn/2010/spn1011.pdf	Course website Internet only

Sessions	Topic	Source
Unit 10	Financial Vulnerability IV: Spillovers and Contagion Espinosa-Vega, Marco A., and Juan Solé (2014), “Cross-Border Financial Surveillance: A Network Perspective,” A Guide to IMF Stress Testing (edited by Li Lian Ong), Chapter 14, pp. 209-228. International Monetary Fund (2009), “Detecting Systemic Risk,” Global Financial Stability Report, Chapter 3, pp. 111-149.	Course website Internet only
Units 11	External Vulnerability III: Reserve Adequacy IMF, 2011, “Assessing Reserve Adequacy” http://www.imf.org/external/np/pp/eng/2011/021411b.pdf IMF, 2013, “Assessing Reserve Adequacy – Further Considerations” http://www.imf.org/external/np/pp/eng/2013/111313d.pdf	Internet only Internet only
Units 12-13	The IMF’s Vulnerability Exercises (VEE and VEA) International Monetary Fund (2010), “The IMF-FSB Early Warning Exercise: Design and Methodological Toolkit,” Policy Paper. http://www.imf.org/external/pp/longres.aspx?id=4479 De Nicolò, Gianni, and Marcella Lucchetta, 2011, “Systemic Risks and the Macroeconomy,” NBER Working Paper #16998, in <i>Quantifying Systemic Risk</i> , Joseph Haubrich and Andrew Lo, eds. (National Bureau of Economic Research, Cambridge, Massachusetts, 2013).	Course website Course website