

INTERNATIONAL MONETARY FUND

IMF Institute for Capacity Development (ICD)-Joint Vienna Institute (JVI)

Course on Vulnerability Diagnostics (JV 17.10)

Vienna, Austria

April 17-28, 2017

Reading List

(Supplementary readings will be referenced in Lecture Presentations)

| Sessions | Topic |
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| L-0 | <p>Vulnerabilities and Crises</p> <p>Claessens S., M.A. Kose, 2014, “Financial Crises: Explanations, Types, and Implications”, Chapter 1, in S. Claessens, M.A. Kose, L. Laeven, and F. Valencia Eds., <i>Financial Crises: Causes, Consequences, and Policy Responses</i>”, Washington DC. Available at a course website</p> <p>Reinhart, C. M., and K. S. Rogoff, 2014, “Financial and Sovereign Debt Crises: Some Lessons Learned and Those Forgotten,” Chapter 3, in S. Claessens, M.A. Kose, L. Laeven, and F. Valencia Eds., <i>Financial Crises: Causes, Consequences, and Policy Responses</i>, Washington DC. Available at a course website</p> <p>Taylor, A, 2014, “External Imbalances and Financial Crises,”, Chapter 6, in S. Claessens, M.A. Kose, L. Laeven, and F. Valencia Eds., <i>Financial Crises: Causes, Consequences, and Policy Responses</i>, Washington DC. Available at a course website</p> |
| Unit 1 | <p>Forecasting Methods for Tail Risks</p> <p>Harper D., 2015, Introduction to Value at Risk (VaR), article at Investopedia http://www.investopedia.com/articles/04/092904.asp</p> <p>Koenker, R. and K. Hallock. Quantile Regression: An Introduction, mimeo www.econ.uiuc.edu/~roger/research/intro/rq.pdf</p> <p>De Nicolo, Gianni and Lucchetta, Marcella, 2016, Forecasting Tail Risks . <i>Journal of Applied Econometrics</i>, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685707</p> |

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| <p>Unit 2</p> | <p>Fiscal Vulnerability I: Assessing Debt Sustainability</p> <p>IMF, 2013, “Staff Guidance Note on Debt Sustainability Analysis for Market Access Countries” (Washington). http://www.imf.org/external/pubs/ft/dsa/mac.htm</p> <p>IMF, 2015, “Public Debt Vulnerabilities in Low-Income Countries - The Evolving Landscape”, IMF Policy Paper http://www.imf.org/external/pp/longres.aspx?id=5004</p> |
| <p>Unit 3</p> | <p>Financial Vulnerabilities I: Taxonomy and measurement of financial risks</p> <p>Laeven, Luc, and Fabián Valencia, 2014, Chapter 2, in “Systemic Banking Crises,” in S. Claessens, M.A. Kose, L. Laeven, and F. Valencia Eds., <i>Financial Crises: Causes, Consequences, and Policy Responses</i>, Washington DC.</p> <p>Čihák, Martin, 2014, “Stress Tester: A Toolkit for Bank-by-Bank Analysis with Accounting Data,” Chapter 3, in <i>A Guide to IMF Stress Testing</i> (edited by Li Lian Ong), Washington DC.</p> |
| <p>Unit 4</p> | <p>External Vulnerabilities I: Bond yields and sovereign default risk</p> <p>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</p> <p>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</p> |
| <p>Unit 5</p> | <p>Financial Vulnerabilities II: Detecting Financial Fragility</p> <p>IMF, 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</p> |
| <p>Unit 6</p> | <p>Fiscal Vulnerability II: Short-term risks</p> <p>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</p> <p>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</p> |

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| <p>Unit 7</p> | <p>External Vulnerabilities II: Current Account Imbalances</p> <p>Phillips, Steven, and others, 2013, “The External Balance Assessment (EBA) Methodology,” IMF Working Paper, WP/13/272. https://www.imf.org/external/pubs/cat/longres.aspx?sk=41200.0</p> <p>IMF, 2016, 2016 External Sector Report, July 27. _ https://www.imf.org/external/np/pp/eng/2016/072716.pdf</p> |
| <p>Unit 8</p> | <p>Financial Vulnerabilities III: Financial Cycles, Business Cycles and Systemic Risk</p> <p>Drehmann, Mathias, and others, 2012, “Characterizing the Financial Cycle: Don’t Lose Sight of the Medium Term!” BIS Working Paper No 380, June. http://www.bis.org/publ/work380.htm</p> <p>Dimitrios Bisias, Mark Flood, Andrew W. Lo, Stavros Valavanis, 2012, A Survey of Systemic Risk Analytics, Office of Financial Research, WP # 0001 http://bigdata.csail.mit.edu/sites/bigdata/files/sites/Lo%20abstract%20and%20paper%20-%20Systemic_OFR1_final.pdf</p> |
| <p>Unit 9</p> | <p>Fiscal Vulnerability III: Stochastic DSA</p> <p>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</p> <p>Celasun O., X. Debrun, and J.D. Ostry, 2006, “Primary Surplus Behavior and Risks to Fiscal Sustainability in Emerging Market Countries: A “Fan-Chart” Approach”, IMF Working Paper 06/67 https://www.imf.org/external/pubs/ft/wp/2006/wp0667.pdf</p> |
| <p>Unit 10</p> | <p>Financial Vulnerability IV: Spillovers and Contagion</p> <p>Espinosa-Vega, Marco A., and Juan Solé (2014), “Cross-Border Financial Surveillance: A Network Perspective,” IMF Working Paper WP/10/105 https://www.imf.org/external/pubs/ft/wp/2010/wp10105.pdf</p> |

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| <p>Units 11</p> | <p>.External Vulnerability III: Reserve Adequacy</p> <p>IMF, 2011, “Assessing Reserve Adequacy” http://www.imf.org/external/np/pp/eng/2011/021411b.pdf</p> <p>IMF, 2013, “Assessing Reserve Adequacy – Further Considerations” http://www.imf.org/external/np/pp/eng/2013/111313d.pdf</p> <p>IMF, 2014, “Assessing Reserve Adequacy – Specific Proposals” http://www.imf.org/external/np/pp/eng/2014/121914.pdf</p> |
| <p>Unit 12</p> | <p>Fiscal Vulnerability IV: Long-term Risks</p> <p>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</p> <p>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</p> |
| <p>Unit 13</p> | <p>The IMF Vulnerability Exercises</p> <p>IMF, 2011, “Managing Volatility: A Vulnerability Exercise for Low-Income Countries” https://www.imf.org/external/np/pp/eng/2011/030911.pdf</p> <p>IMF, 2010, “The IMF-FSB Early Warning Exercise: Design and Methodological Toolkit,” Policy Paper. http://www.imf.org/external/pp/longres.aspx?id=4479</p> <p>IMF, 2016, “Factsheet: The IMF-FSB Early Warning Exercise,” (Washington). http://www.imf.org/external/np/exr/facts/ewe.htm</p> |