

INTERNATIONAL MONETARY FUND

Joint Vienna Institute / IMF Institute for Capacity Development

Model-Based Monetary Policy Analysis and Forecasting (JV 17.28)
Vienna, Austria

October 9 – October 20, 2017

READING LIST

| Session | Topic |
|---------------|---|
| Unit 1 | Monetary Policy Framework and Transmission Channels |
| | <p>1. Klein, M. W., J. C. Shambaugh, 2013, “Is there a dilemma with the Trilemma?” VOXEU, 27 September 2013. http://voxeu.org/article/dilemma-financial-trilemma</p> <p>2. Ireland, P. N., 2005, “The Monetary Transmission Mechanism,” Working Papers No. 06–1 (Federal Reserve Bank of Boston). http://www.bos.frb.org/economic/wp/wp2006/wp0601.pdf</p> |
| Unit 2 | Forecasting and Policy Analysis System (FPAS) |
| | <p>1. Clinton, K., C. Freedman, M. Juillard, O. Kamenik, D. Laxton, and H. Wang, 2015, “Inflation-Forecast Targeting: Applying the Principle of Transparency,” IMF Working Paper No.15/132. https://www.imf.org/external/pubs/ft/wp/2015/wp15132.pdf</p> <p>2. Laxton, D., D. Rose, and A. Scott, 2009, “Developing a Structured Forecasting and Policy Analysis System to Support Inflation-Forecast Targeting (IFT),” IMF Working Paper 09/65 (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/wp/2009/wp0965.pdf</p> |
| Unit 3 | Consistency of Policy Objectives and Key Macroeconomic Trends |
| | <p>1. Holub, T., “Price Convergence to the EU: Some Challenges for Monetary Policy,” CNB Economic Research Bulletin, No. 1, Vol. 1, December 2003, pp.4-5. http://www.cnb.cz/en/research/research_publications/erb/download/ERB_No1_2003.pdf</p> <p>2. Beneš, J., J. Hurník and D. Vávra, 2008, “Exchange Rate Management and Inflation Targeting: Modeling the Exchange Rate in Reduced-Form New Keynesian Models”, <i>Czech Journal of Economics and Finance</i>, 58 (3–4), pp. 166–194 (See relevant section). http://www.cnb.cz/en/research/research_publications/erb/download/ERB_No1_2003.pdf</p> |
| Unit 4 | Introduction to a Small New Keynesian Model for Policy Analysis |
| | <p>1. Berg, A., Karam, P. and D. Laxton, 2006, “Practical Model-Based Monetary Policy Analysis—A How-To Guide,” IMF Working Paper 06/81 (Washington: International Monetary Fund). https://www.imf.org/external/pubs/ft/wp/2006/wp0681.pdf</p> <p>2. IMF Institute for Capacity Development, 2015, “Handout for the Modeling Workshop”, Revised Unpublished Manuscript (Washington: IMF Institute for Capacity Development).</p> |

3. Woodford, M., 2013, “Inflation Targeting: Fix it, Don’t Scrap it,” published in L. Reichlin and R. Baldwin, eds., *Is inflation targeting dead? Thinking ahead about central banking after the crisis* (CEPR, 2013).
<https://www.imf.org/external/pubs/ft/wp/2006/wp0681.pdf>

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| Unit 5 | The CPI Components and their Relative Prices in the Model |
| | <p>1. Andrieu, M., A. Berg, R. A. Morales, R. Portillo, and J. Vlcek, 2013, “Forecasting and Policy Analysis in Low Income Countries: Food and Non-Food Inflation in Kenya,” IMF Working Paper 13/31 (Washington: International Monetary Fund). https://www.imf.org/external/pubs/ft/wp/2013/wp1361.pdf</p> |
| Unit 6 | Alternative Exchange Rate Regimes and Foreign Exchange Intervention |
| | <p>1. Andrieu, M., A. Berg, E. Berkes, R. A. Morales, R. Portillo, and J. Vlcek, 2013, “Money Targeting in a Modern Forecasting and Policy System: An Application to Kenya,” IMF Working Paper 13/239 (Washington: International Monetary Fund). https://www.imf.org/external/pubs/ft/wp/2013/wp1361.pdf</p> <p>2. Beneš, J., J. Hurník and D. Vávra , 2008, “Exchange Rate Management and Inflation Targeting: Modeling the Exchange Rate in Reduced-Form New Keynesian Models”, <i>Czech Journal of Economics and Finance</i>, 58 (3–4), pp. 166–194. https://www.imf.org/external/pubs/ft/wp/2013/wp1361.pdf</p> <p>3. Beneš, J., A. Berg, R. Portillo, and D. Vavra, 2013, “Modeling Sterilized Interventions and Balance Sheet Effects of Monetary Policy in a New Keynesian Framework,” IMF Working Paper 13/11 (Washington: International Monetary Fund). https://www.imf.org/external/pubs/ft/wp/2013/wp1361.pdf</p> <p>4. Nordstrom, A., S. Roger, M. Stone, S. Shimizu, T. Kisinbay, and J. Restrepo, 2009, “The Role of the Exchange Rate in Inflation Targeting Emerging Economies,” IMF Occasional Paper 267 (Washington: International Monetary Fund).</p> <p>5. Ostry, J., A.R. Ghosh and M. Chamon, 2012, “Two Targets, Two Instruments: Monetary and Exchange rate Policies in Emerging Market Economies,” IMF Staff Discussion Note SDN/12/01 (Washington: International Monetary Fund). https://www.imf.org/external/pubs/ft/sdn/2012/sdn1201.pdf</p> |
| Unit 7 | Estimating Long-Run Trends and Gaps |
| | <p>1. Beneš J., N’Diaye P., 2004, “A Multivariate Filter for Measuring Potential Output and the NAIRU: Application to the Czech Republic”, IMF Working Paper 04/45 (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/wp/2004/wp0445.pdf</p> <p>2. Beneš, J., K. Clinton, R. Garcia-Saltos, D. Laxton, P. Manchev and T. Matheson 2010, “Estimating Potential Output with a Multivariate Filter,” IMF Working Paper 10/285 (Washington: International Monetary Fund). https://www.imf.org/external/pubs/ft/wp/2010/wp10285.pdf</p> <p>3. Cohen-Setton, J., and N. Valla, 2010, “Unnoticed Potential Output Revisions and their Impact on the Stimulus/Austerity Debate,” VOXEU, 17 August 2010 http://voxeu.org/article/output-revisions-and-stimulus-debate</p> |

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| Unit 8 | Methods in Model Parameterization and Model Properties Assessment |
| | <p>1. An, S. and F. Schorfheide, 2007. “Bayesian Analysis of DSGE Models,” <i>Econometric Reviews</i>, Taylor and Francis Journals, vol. 26(2-4), pages 113-172. [Advanced, for those interested]. https://sites.sas.upenn.edu/schorf/files/er-final.pdf</p> <p>2. Guerron-Quintana, P. and J. Nason, 2012, “Bayesian Estimation of DSGE Models,” Federal Reserve Bank of Philadelphia Working Paper 12-4. [Advanced for the interested]. https://philadelphiafed.org/research-and-data/.../working-papers/2012/wp12-4.pdf</p> <p>3. Kamenik, O., Smidova, Z., Tuma, Z., Vavra, D., 2013, “A Simple Fiscal Stress Testing Model: Case Studies of Austrian, Czech and German Economies”, OECD WP No. 1074 (Focus on the relevant section).</p> <p>4. Honjo, Keiko and Hunt, Ben, 2006, “Stabilizing Inflation in Iceland”, November, IMF Working Paper No. 06/262. http://www.imf.org/~media/websites/imf/imported-full-text</p> <p>5. Schorfheide, F., 2011, “Estimation and Evaluation of DSGE Models: Progress and Challenges,” NBER Working Paper No. 16781 (Cambridge, Massachusetts: National Bureau of Economic Research) [Advanced for the interested]. http://www.nber.org/papers/w16781.pdf</p> |
| Unit 9 | Nowcasting |
| | <p>1. Aruoba, S. B., F. X. Diebold and C. Scotti, 2009, “Real Time Measurement of Business Conditions,” <i>Journal of Business and Economic Statistics</i>, 27:4, 417-427. http://amstat.tandfonline.com/doi/abs/10.1198/jbes.2009.07205</p> <p>2. Stock, J. and M. Watson, 1989, “New Indexes of Coincident and Leading Economic Indicators,” NBER Macroeconomics Annual, Vol. 4, pp. 351–409, (Cambridge: National Bureau of Economic Research). http://www.nber.org/chapters/c10968.pdf</p> <p>3. Hamilton, J., 2010, “Calling recessions in real time,” VOXEU, July 18, 2010. http://voxeu.org/article/calling-recessions-real-time</p> |
| Unit 10 | Near-Term Forecasting |
| | <p>1. Loungani, P. and J. Rodriguez, 2008, “Economic Forecasts: Hard to Rely On?” Finance & Development, Vol. 45, pp. 42–43, (International Monetary Fund). Available via the Internet: http://www.imf.org/external/pubs/ft/fandd/2008/09/picture.htm</p> <p>2. Dickey, D. A., and Fuller, W. A., 1979, “Distribution of the Estimators for Autoregressive Time Series with a Unit Root,” <i>Journal of the American Statistical Association</i>, 74, pp. 427-431.</p> <p>3. Lutkepohl, H. and M. Kratzig, 2004, “Applied Time Series Econometrics”, Cambridge University Press, UK, Chapters 2&3.</p> |
| Unit 11 | Core Model Extensions: Fiscal Policy Analysis |
| | <p>1. Bornhorst, Fabian, and others, 2011, “When and How to Adjust Beyond the Business Cycle? A Guide to Structural Fiscal Balances,” Technical Notes and Manuals (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/tnm/2011/tnm1102.pdf</p> <p>2. Spilimbergo, Antonio, Steve Symansky, and Martin Schindler, 2009, “Fiscal Multipliers,” IMF Staff Position Note SPN/09/11, May 20 (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/spn/2009/spn0911.pdf</p> |

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| | <p>3. Kamenik, O. et al. (2013), “A Simple Fiscal Stress Testing Model: Case Studies of Austrian, Czech and German Economies”, OECD Economics Department Working Papers, No. 1074, OECD Publishing. http://www.oecd-ilibrary.org/economics/a-simple-fiscal-stress-testing-model_5k43nxm8hfvfen</p> |
| Unit 12 | Baseline and Alternative Forecast Scenarios: Risk Analysis under Uncertainty |
| | <p>1. Andrlé, M., T. Hlédik, O. Kameník and J. Vlček, 2010, “Implementing the New Structural Model of the Czech National Bank,” <i>Economic Research Bulletin</i>, Vol. 8, No. 1, pp. 2–7, (Prague: Czech National Bank). http://www.imf.org/external/pubs/ft/tnm/2011/tnm1102.pdf</p> <p>2. Czech National Bank, <i>Quarterly Inflation Reports</i>, various years—for baseline forecasts and scenarios: https://www.cnb.cz/en/monetary_policy/inflation_reports/</p> <p>3. Sveriges Riksbank, Central Bank of Sweden, <i>Monetary Policy Reports</i>, various years—for baseline forecasts and scenarios: http://www.riksbank.se/en/Press-andpublished/Published-from-the-Riksbank/Monetary-policy/Monetary-Policy-Report/2015/</p> <p>4. Clinton, K. J. Dagher, O. Kamenik, D. Laxton, A. Alichí, and M. Mills, 2010, “A Model for Full-Fledged Inflation Targeting and Application to Ghana,” IMF Working Paper 10/25 (Washington: International Monetary Fund). https://www.imf.org/external/pubs/ft/wp/2010/wp1025.pdf</p> |

September 29, 2017