

INTERNATIONAL MONETARY FUND

Institute for Capacity Development

Course on Exchange Rate Policy

(JV18.19)

July 2– 13, 2018

Readings List

Session	Topic
L-1	Introductory Lecture
L-2	Basic Principles of Exchange Rate Analysis Chinn Menzie, 2008, “Real Exchange Rates,” from “The New Palgrave Dictionary of Economics”, Second Edition. Isard, Peter, 2008, “Uncovered Interest Rate Parity,” from “The New Palgrave Dictionary of Economics”, Second Edition. Sarno Lucio, 2008, “Purchasing Power Parity,” from “The New Palgrave Dictionary of Economics”, Second Edition
L-3	The Role of the Real Exchange Rate Dornbusch, Rudiger, 1980: “Open Economy Macroeconomics”, Chapter 6. New York: Basic Books, 1980. Rodrik, Dani, 2008: “The Real Exchange Rate and Economic Growth”, Brookings Papers on Economic Activity, Fall 2008. Williamson, John, 2002: “What Washington Means by Policy Reform”, Chapter 2 from <i>Latin American Adjustment: How Much Has Happened?</i> Edited by John Williamson. De Broeck et al., 2012, “Assessing Competitiveness Using Industry Unit Labor Costs: an Application to Slovakia”, IMF working paper WP/12/107
L-4	Equilibrium REER and REER misalignment Phillips et al, 2013, “External Balance Assessment”, IMF working paper, 2013, available at http://www.imf.org/external/pubs/ft/wp/2013/wp13272.pdf . Ruo Chen, 2016, Methodological Note on EBA-lite
L-5	Size and Structure of the Global Foreign Exchange (FX) Market Bank for International Settlements, 2016: “Triennial Central Bank Survey. Foreign exchange turnover in April 2016: preliminary global results”, (Basel: Bank for International Settlements), available at http://www.bis.org/publ/rpfx16fx.pdf .

Session	Topic
L-6	<p>FX Interventions</p> <p>Blanchard, Olivier, Gustavo Adler and Irineu de Carvalho Filho, 2015: “Can Foreign Exchange Interventions Stem Exchange Rate Pressures From Global Capital Flow Shocks?”, <i>NBER Working Paper No. 21427</i>, Cambridge: National Bureau of Economic Research.</p> <p>Ghosh, Atish R., Jonathan D. Ostry, and Marcos Chamon. "Two targets, two instruments: Monetary and exchange rate policies in emerging market economies." <i>Journal of International Money and Finance</i> 60 (2016): 172-196.</p>
L-7	<p>FX Reserve Adequacy</p> <p>International Monetary Fund, (2011): “Assessing Reserve Adequacy” IMF Policy Paper</p> <p>International Monetary Fund, (2015): “Assessing Reserve Adequacy – Specific Proposals.” IMF Policy Paper, Washington, available at http://www.imf.org/external/np/pp/eng/2014/121914.pdf.</p> <p>Jeanne, Olivier, and Romain Ranciere, 2011: “The optimal level of international reserves for emerging market countries: A new formula and some applications.” <i>The Economic Journal</i> 121, no. 555 (2011): 905-930.</p>
L-8	<p>Exchange Rate Regimes: An Overview</p> <p>Ghosh, Atish R., Jonathan D. Ostry and C. Tsangarides, 2010: “Exchange Rate Regimes and the Stability of the International Monetary System”, IMF Occasional Paper No. 270, (Washington: International Monetary Fund).</p> <p>Levy-Yeyati, Eduardo, and Federico Sturzenegger (2010), “Monetary and Exchange Rate Policies,” in Dani Rodrik and Mark Rosenzweig eds, <i>Handbook of Development Economics</i>, Volume 5, North Holland.</p>
L-9	<p>Exchange Rate Regimes and Macroeconomic Policy</p> <p>Blanchard, Olivier, Gustavo Adler, and Irineu de Carvalho Filho (2015), “Can Foreign Exchange Intervention Stem Exchange Rate Pressures from Global Capital Flow Shocks?” IMF Working Paper 15/159.</p> <p>Obstfeld, Maurice, Jay Shambaugh, and Alan Taylor (2005), “The Trilemma in History: Tradeoffs Among Exchange Rates, Monetary Policies, and Capital Mobility,” <i>Review of Economics and Statistics</i>, Vol 87(3): 423-438.</p>

Session	Topic
L-10	<p>Practical Problems of Exchange Rate Policies in Developing and Emerging Market Economies</p> <p>Epstein, Natan, and Rafael Portillo (2014), “Monetary Policy in Hybrid Regimes: The Case of Kazakhstan,” IMF Working Paper 14/108.</p> <p>Levy-Yeyati, Eduardo, and Federico Sturzenegger (2010), “Monetary and Exchange Rate Policies,” in Dani Rodrik and Mark Rosenzweig eds, Handbook of Development Economics, Volume 5, North Holland.</p>
L-11	<p>Transitions from Fixed to Flexible Exchange Rate Regimes</p> <p>Dutttagupta, Rupa, Gilda Fernandez, and Cem Karacadag, 2004: “From Fixed to Floats: Operational Aspects of Moving Toward Exchange Rate Flexibility,” IMF Working Paper WP/04/126, International Monetary Fund, Washington.</p> <p>Ötoker-Robe, Inci and David Vavra and others (2007): Moving to greater Exchange rate Flexibility: Operational Aspects based on Lessons from Detailed Country Experiences Occasional Paper 256, International Monetary Fund, Washington.</p>
L-12	<p>Currency Crises</p> <p>Graciela Laura Kaminsky, 2008, “Currency Crises,” from “The New Palgrave Dictionary of Economics”, Second Edition</p> <p>Krugman, Paul R. 1979. “A Model of Balance-of-Payments Crises,” Journal of Money, Credit, and Banking, vol. 11, pp. 311-325.</p> <p>Obstfeld, Maurice. 1996. “Models of Currency Crises with Self- Fulfilling Features,” European Economic Review, vol. 40, pp. 1037- 1047.</p>
L-13	<p>Early Warning Systems for Currency Crises</p> <p>Peter J G Vlaar, 2008, “Early warning systems for currency crises,” Bank for International Settlements.</p> <p>Rose A. K., and M.M. Spiegel (2009a): <i>Cross-country Causes and Consequences of the 2008 Crisis: Early Warning</i>, NBER Working Paper Number 15357.</p>
W-4	<p>Workshop on Managed Floats Getting Started with MATLAB</p>