

INTERNATIONAL MONETARY FUND

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

Course on External Vulnerabilities and Early Warning Exercise (JV 14.33)

Vienna, Austria

December 8-19, 2014

Reading List

(Supplementary readings may be referenced in Lecture Presentations)

Session	Topic
L-1	<p>Introduction: Capital Flows and Financial Crises</p> <p>Reinhart, Carmen, and Kenneth Rogoff, 2013, “Financial and Sovereign Debt Crises: Some Lessons Learned and Those Forgotten”, IMF Working Paper 13/266. http://www.imf.org/external/pubs/cat/longres.aspx?sk=41173</p> <p>Frankel, Jeffrey, and Goerge Saravelos, 2010, “Are Leading Indicators of Financial Crises Useful for Assessing Country Vulnerability? Evidence from the 2008-09 Global Crisis”, NBER Working Paper No. 16047. http://www.nber.org/papers/w16047</p>
L-2	<p>External Vulnerabilities and Exchange Rate Regimes</p> <p>IMF Institute, 2012, <i>Financial Programming and Policies</i>, Chapter 3, (unpublished; Washington: International Monetary Fund).</p>
L-3	<p>Assessing Debt Sustainability</p> <p>IMF Institute, 2012, <i>Financial Programming and Policies</i>, Chapters 9 and 10, (unpublished; Washington: International Monetary Fund).</p> <p>IMF, 2013, “Staff Guidance Note on Debt Sustainability Analysis for Market Access Countries” (Washington). Available via: http://www.imf.org/external/np/pp/eng/2013/050913.pdf</p>
L-4	<p>Fiscal Stress-Testing: Short Term Shocks and Longer Term Pressures</p> <p>IMF, 2010, “The IMF-FSB Early Warning Exercise: Design and Methodological Toolkit” (Washington), pp.22-23. Available via: 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. Available via: http://www.imf.org/external/pubs/ft/wp/2012/wp1211.pdf</p>

Session	Topic
L-5	<p>From Fiscal Stance to Fiscal Gaps</p> <p>Bornhorst, F., et al, 2011, “When and How to Adjust Beyond the Business Cycle? A Guide to Structural Fiscal Balances”, IMF Working Paper 11/02. Available via: http://www.imf.org/external/pubs/ft/tnm/2011/tnm1102.pdf</p>
L-6	<p>Fiscal Gaps and Sovereign Default Risk</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. Available via: http://www.imf.org/external/pubs/ft/wp/2012/wp1224.pdf</p> <p>Catão, L. Fostel, A. and Rancière, R, 2013, “Fiscal Discoveries and Sudden Decouplings” CEPR working paper 9368 http://ideas.repec.org/p/cpr/ceprdp/9368.htm.</p>
L-7	<p>Bond yield models</p> <p>Rudebusch, Glenn D., and Tao Wu, 2008, “A Macro-Finance Model of the Term Structure, Monetary Policy and the Economy,” <i>The Economic Journal</i>, Vol. 118 (July), pp. 906–926. Available via: http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0297.2008.02155.x/pdf</p>
L-8	<p>Countries’ External Balance Assessments</p> <p>Philips et al., 2013, “The External Balance Assessment (EBA) Methodology”, IMF Working paper 13/272. http://www.imf.org/external/pubs/ft/wp/2013/wp13272.</p> <p>Chinn, Menzie 2006, “A Primer on Real Effective Exchange Rates: Determinants, Overvaluation, Trade Flows, and Competitive Devaluations”, <i>Open Economy Review</i> 17, pp. 115-143.</p>
L-9	<p>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>
L-10	<p>Financial Vulnerabilities</p> <p>Bisias, Dimitrios, Mark Flood, Andrew Lo and Stavros Valavanis, 2012, “A Survey of Systemic Risk Analytics, Office of Financial Research,” Working Paper #0001, January http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1983602</p> <p>Bruno, Valentina, and Hyun Song Shin, 2011, “Capital Flows, Cross-Border Banking and Global Liquidity,” preliminary version. Available via: http://www.princeton.edu/~hsshin/www/capital_flows_global_liquidity.pdf</p>

Session	Topic
L-11/12	<p data-bbox="311 184 1024 222">The IMF's Vulnerability Exercises (VEE and VEA)</p> <p data-bbox="311 296 1451 369">International Monetary Fund, 2010, "The IMF-FSB Early Warning Exercise: Design and Methodological Toolkit" (Washington).</p> <p data-bbox="311 369 1003 407">http://www.imf.org/external/pp/longres.aspx?id=4479</p> <p data-bbox="311 459 1422 604">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). http://www.nber.org/papers/w16998</p>