



# **Macroeconomic and Monetary Policy Management**



# SEACEN-BOJ Course on International Macroeconomics

**Dates:** 26 - 30 March 2018

**Host:** The SEACEN Centre

**Coordinator:** Ms. Mangai

The high degree of openness and increased integration of most SEACEN economies have complicated central banks' tasks in macroeconomic and monetary policy management, especially in handling external shocks. The great financial crisis and its aftermath is one such episode where even fundamentally strong economies can be affected by contagion effects. This course will address issues of current concern, including the management of global capital flows; exchange rate measurement and assessment; macroeconomic interconnectedness; measures/indicators of external financial transactions and holdings of foreign assets and liabilities, such as the balance of payments and the international investment position; the measurement of competitiveness; and, external debt sustainability analysis.

## Objectives

At the end of the course, participants will be able to: (1) assess the impact of international capital flows and the management of such flows; (2) construct and interpret alternative exchange rate indices; (3) provide an assessment of exchange rate equilibrium and misalignment; (4) monitor and analyze developments in – and interlinkages between – the balance of payments and the international investment position; and, (5) conduct an external debt sustainability analysis.

## Target Participants

Middle-level officers/technical staff of central banks with at least two years of experience in balance of payments analysis and surveillance, exchange rate policy, macroeconomic and monetary policy analysis, and surveillance.

# SEACEN-IMF Course on Monetary Policy Strategies and Operations

**Dates:** 2 - 6 April 2018

**Host:** Central Bank of Sri Lanka

**Coordinator:** Ms. Haslina

The effective implementation of monetary policy requires the ability to respond appropriately to developments in various financial markets. Since the onset of the great financial crisis, monetary policy strategies in several countries have become increasingly unconventional, encompassing large-scale asset purchase, forward guidance, and negative nominal interest rates. Moreover, monetary policy operations now also encompass financial-stability objectives. Are there lessons to be learned for monetary policy strategies after the great financial crisis? This course will discuss how monetary policy strategies and operations need to be structured and implemented to achieve the desired objectives under different circumstances.

## Objectives

The course aims to equip participants with the tools necessary to give advice on the implementation of monetary policy in different circumstances. In particular, participants will learn to (1) conduct liquidity forecasting; (2) assess alternative methods for policy interest rate management; (3) evaluate strategies under inflation targeting and other approaches; (4) assess the need for interventions in the foreign exchange market in response to currency volatility, currency misalignments, and capital flows; and, (5) determine the need for, and consequences of, sterilization policies

## Target Participants

Central bank staff who are responsible for advising on, or carrying out, monetary policy operations. Participants should have at least two years' experience in this function.

# Intermediate Course on Modelling and Forecasting Techniques

**Dates:** 2 - 6 July 2018

**Host:** National Bank of Cambodia

**Coordinator:** Ms. Haslina

This course focuses on selected modelling and estimation techniques that are increasingly becoming available in econometric software packages and therefore more widely used in central banks. These approaches include state-space modeling and applications using the Kalman filter; Bayesian estimation; extensions of conventional VAR analysis to SVAR, TV-SVAR, FAVAR and BVAR models; dynamic factor models; and, Nowcasting approaches.

## Objectives

At the end of the course, participants will be able to: (1) specify and estimate state-space models; (2) estimate, manipulate, and interpret different types of VAR models; (3) specify, estimate and interpret univariate and multivariate models using Bayesian techniques such as the Gibbs sampler; and, (4) use mixed-frequency data models for nowcasting purposes.

## Target Participants

This course is intended for central bank staff whose duty involves significant quantitative analysis and research. Participants are expected to have excellent quantitative skills and extensive experience using econometric computer programs such as EViews.

# Monetary Policy Transmission: Theory and Empirical Assessment *(Signature Course)*

**Dates:** 23 - 27 July 2018

**Host:** Central Bank, Chinese Taipei

**Coordinator:** Ms. Mangai

The globalization of international finance and the increased integration of emerging markets into the international monetary and financial systems have had major implications for the conduct of monetary policy. For example, the traditional monetary transmission mechanisms depend more and more on global factors that influence domestic credit, exchange rates, and long-term interest rates. Moreover, new channels of monetary transmission as well as new tools for analyzing them have been identified. In addition, monetary as well as financial stability considerations now include an assessment of the behavior of global banks that extend credit internationally as well as of international investors that purchase debt securities issued by firms in emerging markets. All of these factors have led to a lively debate whether emerging market economies' central banks have diminished control over domestic monetary and financial conditions. This course will cover these developments and bring participants to the forefront of the theoretical and policy debates.

## Objectives

At the end of the course, participants will be able to: (1) analyze different facets of financial globalization, monetary and financial spillovers, and their consequences for monetary and financial stability; (2) recognize the changes that have taken place in the implementation of monetary policy and liquidity management; (3) use empirical tools to evaluate the channels of monetary policy transmission; and, (4) quantify the changes in interest rate pass-through as a result of these developments

## Target Participants

Experienced senior economists or technical staff from central banks or monetary authorities who are actively involved in research on monetary policy transmission mechanisms. They are also expected to have excellent quantitative skills and extensive experience using econometric computer programs such as EViews.

# Financial Cycles and Crises

*(Joint with FSS)*

**Dates:** 3 - 7 September 2018

**Host:** Bangko Sentral ng Pilipinas

**Coordinator:** Ms. Mangai

The globalization of finance and increased international linkages between national money and capital markets have focused attention on the potential role of international financial cycles as a cause of fluctuations in national asset prices and in heightened risks to financial stability. A financial cycle captures systematic patterns in the financial system that can have important macroeconomic consequences and is closely related to the concept of systemic risk in the financial system. Both across countries and over long periods of time, regular financial cycles are clearly identifiable, are distinct from the business cycle in their frequency and amplitude, typically presage banking crises and play an important role in the current policy debate on how to increase the resilience of the financial system. Despite these stylized facts, we are still far from understanding the properties of the financial cycle compared to our knowledge of the features of the business cycle. This course will therefore review the evidence on the patterns of financial cycles, discuss their causes and consequences, and examine possible policy responses.

## Objectives

At the end of the course, participants will be able to: (1) describe the facts, models, and policy implications of financial cycles; (2) evaluate the usefulness of early warning indicators of financial stress/crisis; and, (3) assess the appropriateness and effectiveness of various policy responses, including macroprudential policy, to the evolution of financial cycles.

## Target Participants

Central bank middle/high-level officers either from monetary policy or financial stability departments and who are involved in analyzing and assessing the use of monetary policy and macroprudential policy to promote macroeconomic and financial stability.

# **Analytics of Macroeconomic and Monetary Policy Management**

**Dates:** 1 - 5 October 2018

**Host:** Bangko Sentral ng Pilipinas

**Coordinator:** Ms. Mangai

This course emphasizes technical and analytical aspects of macroeconomic and monetary policy management, including monetary policy transmission mechanisms, assessing the stance of monetary policy, inflation dynamics, early warning indicators of financial instability, exchange rate management issues, and the implementation of macroprudential policies. It focuses on both theory and application, using lectures together with hands-on exercises and case studies.

## **Objectives**

At the end of the course, participants will be able to: (1) discuss monetary policy frameworks, transmission mechanisms, and communicating monetary policy; (2) appreciate the issues associated with exchange rate management and the implementation of macroprudential policies; (3) assess the stance of monetary policy in relation to the macroeconomic conditions facing an economy; (4) understand the channels through which monetary policy affects the economy; and, (5) evaluate the stylized facts about capital flows as well as the scope for capital flows management measures.

## **Target Participants**

This course is intended for middle-level officers or technical staff whose work involves macroeconomic surveillance and analysis of monetary policy. Participants should have at least two years' relevant working experience and be familiar with basic econometrics and the use of econometric software such as EViews.

# SEACEN-IMF Course on Macroeconomic Diagnostics

**Dates:** 22 October - 2 November 2018

**Host:** Hong Kong Monetary Authority

**Coordinator:** Ms. Mangai

The ability to assess a country's macroeconomic situation is a critical first step in the formulation of macroeconomic policy. As the economy becomes more complex with increasing interconnectivity among macroeconomic sectors within and across economic boundaries, there is a pressing need to equip economic analysts and technical staff of central banks with the appropriate diagnostic and analytic tools that are not usually covered in macroeconomic textbooks or in university courses.

## Objectives

The course is intended to enable participants to assess a country's macroeconomic situation using appropriate tools. In particular, at the end of the two-week course, participants will be able to: (1) explain the current state of the macroeconomy of a country; (2) assess medium-term flows of funds, balance-sheet position, and sustainability of key macroeconomic sectors; and, (3) measure the macroeconomic effects of monetary and fiscal policies.

## Target Participants

Middle-level officials from central banks or monetary authorities who are closely involved with assessing overall macroeconomic developments and prospects as well as with policy analysis and strategy. Participants are expected to have a university degree in economics or equivalent experience, good quantitative skills, and proficiency in the use of spreadsheets.