

**WELCOME REMARKS BY
MR HOOKYU RHU
EXECUTIVE DIRECTOR, THE SEACEN CENTRE
AT THE OPENING CEREMONY OF THE
9TH SEACEN-BOJ INTERMEDIATE COURSE ON THE ANALYTICS
OF MACROECONOMIC AND MONETARY POLICY MANAGEMENT
*Brunei Darussalam, 12 – 24 April 2015***

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Senior Officials from Autoriti Monetari Brunei Darussalam

Distinguished Resource Persons

Course Participants

Ladies and Gentlemen

Good morning.

On behalf of The SEACEN Centre, I would like to extend to all of you a cordial welcome to the **9th SEACEN-BOJ Intermediate Course on the Analytics of Macroeconomic and Monetary Policy Management.**

I would like to begin this Opening Ceremony by thanking our gracious host, Autoriti Monetari Brunei Darussalam, for the excellent arrangements and warm hospitality in organising the Course. The SEACEN Centre is deeply grateful to Mr. Haji Adi Marhain bin Haji Leman, Assistant Managing Director of Monetary Operations for taking time from his busy schedule to officiate the Opening Ceremony. We also wish to thank the members of the Organising Committee under the guidance of Ms. DK Sri Joedianna Binti Pg Hj Mohammed, Senior Manager, Monetary Policy and

Management Department. The team has been working in partnership with SEACEN months before the Course starts to ensure that the Course is well planned and well delivered.

I would also like to express my gratitude to our collaborator, the Bank of Japan for the financial support towards conducting this Course.

Ladies and Gentlemen:

On this opening day of the **9th SEACEN-BOJ Intermediate Course on the Analytics of Macroeconomic and Monetary Policy Management**, I would like to share with you some of my thoughts on the potential challenges that today's central bankers may face in an increasingly uncertain global economic environment.

Since the Global Financial Crisis, many advanced countries have held short term interest rates near zero to overcome the crisis and shore up economic recovery and have conducted unconventional monetary policies (UMP) to keep their financial markets afloat. As the European crisis had continued with persistent deflation pressures, the ECB finally adopted a boldly unusual negative interest rate on banks' excess reserves, and recently announced its own quantitative easing plan. The BOJ also has been continuing an ambitious QQE as one of the three arrows to support Abenomics' recovery efforts aimed at ending one and a half decade long deflation.

On the other hand, the US Fed and BOE are in the process of exiting from the QE at a measured pace and there are growing expectations on their raising interest rates in the near future.

Meanwhile, the slowdown of the Chinese economic growth and the rapid fall of oil and commodity prices have been placing additional pressures on the economic performance in this region.

In this extraordinary circumstance, first of all, central bankers in this SEACEN region need to deliberate on the implications of new policy experiences at home and abroad, particularly the eventual consequences or spillovers of unconventional monetary policies in advanced economies.

Second, central bankers in this region should carefully monitor whether the prolonged trend of low interest rates is causing any sectors of credit, asset and property markets to overheat again.

Central bankers need to acknowledge a credit-fueled asset bubble was perhaps the most important culprit for the current malaise in many countries. Otherwise, they may simply sow the seeds of the next crisis. Today's central bankers need to devise a good metric to assess whether credit and asset prices have been fundamentally driven or liquidity driven before they go so far as to threaten the financial stability.

Another important policy issue is the potential danger of wide-spread competitive currency depreciation. From our past experience, we clearly understand that its end result was at best a zero-sum game. I believe that there are many policy tools to strengthen competitiveness of the economy and that among them the best is an economic overhaul in broad sectors of the economy.

It is quite clear that the global economic environment has brought drastic changes and that the monetary policy management of many countries has also transited into uncharted territories. These changes imply that SEACEN central banks need to reassess the transmission channels of their monetary policies and identify new dynamics of interactions between cross-border capital flows and regional financial markets. I hope that this new course can provide the course participants with proper analytics for understanding new environment and new policy practices and serve as a good platform for sharing wisdom and intelligence needed to address newly emerging tasks in our regional central banks.

Ladies and Gentlemen

In order to provide effective support for the design and implementation of monetary policy, it is important that central bank staff are able to identify shocks, to develop qualitative as well as quantitative understanding of their effects on the domestic economy and to assess the effects and effectiveness of alternative policy responses. This Intermediate Course on the analytics of Macroeconomic and Monetary Policy Management aims to help build on this foundation.

In addition to the use of workshop to simulate the real situation, a distinct feature of SEACEN Intermediate Course on the analytics of Macroeconomic and Monetary Policy lies in our approach to focus on applications of theories and methodologies as they practice in central banks. We believe this is the best approach for participants who have already learnt the concepts and theories in the universities. To achieve this objective, we are grateful to our distinguished resource

persons from the academics, SEACEN members as well as advanced central banks for travelling near and far to share their expertise and experience with participants.

We are pleased to inform that the Course is participated by 22 well-qualified and suitable participants representing 11 central banks and monetary authorities. I am confident that the next two weeks will be a highly engaging time of learning and sharing of experience.

Ladies and Gentlemen,

Allow me to say a few words about The SEACEN Research and Training Centre. Our vision is "To be the Regional Learning Hub for Central Banks in the Asia-Pacific Region". As a Learning Hub, SEACEN aspires to drive central bank excellence in learning for the region, by providing a platform for collaboration for members to synergise efforts in central bank learning among themselves, and across SEACEN's network base. The vision would be achieved through SEACEN's mission in building capacity in central banking and fostering networking and collaboration. With strong commitments from our stakeholders as seen in this learning event, we are confident that our vision will become a reality.

Coming back to this learning event, I am confident that participants will find it both fruitful and rewarding. Above all, the interaction among participants and with resource persons will provide an opportunity to learn from one another and strengthen the bond of friendship and cooperation. I also hope that you will be able to find time to enjoy the culture and beauty of Brunei.

Allow me to conclude by once again thanking Mr. Haji Adi Marhain bin Haji Leman and resource persons for the valuable contributions and support, and all our member and invitee banks for nominating suitable participants to the Course.

I wish you a productive and rewarding learning experience.

Thank you.