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Dear Partner, this *Newsletter* contains a list of the ***latest uploaded resources*** both in the documentation and in the event areas of the PDM Network website (**www.publicdebtnet.org**). The PDM Network has its main objective in the joint cooperation among its participants regarding the quantity and quality of information available on the website. So far, it is very appreciated a stronger collaboration in this field, **signaling to the Network Secretariat** any documents, news and events of interest at **publicdebtnet.dt@tesoro.it**.

Contents

New Documents

Papers

Core Topics in Debt Management

Rating Sovereign Debt in a Monetary Union – Original Sin by Transnational Governance (2014)

Körner Finn Marten – ZenTra; Trautwein Hans-Michael - Carl von Ossietzky Universität Oldenburg

Abstract: It is frequently argued that credit rating agencies (CRAs) have acted pro cyclically in their rating of sovereign debt in the European Monetary Union (EMU). They are believed to have under-rated sovereign risk in the early years of EMU, when integrated financial markets provided easier access to liquidity, and to have contributed to the recent Eurozone debt crisis by over-rating the lack of (individual) monetary sovereignty that EMU entails for its member states. Yet, there is little direct evidence for this so far. While CRAs are quite explicit about their risk assessments concerning public debt that is denominated in foreign currency, the same cannot be said about their treatment of sovereign debt issued in the currency of a monetary union. We examine the major CRAs' methodologies for rating sovereign debt and test their ratings for a monetary union bonus in good times and a malus, akin to the 'original sin' problem of emerging market countries,

in bad times. Using a newly compiled dataset of quarterly sovereign bond ratings from 1990 until 2012, we find some evidence that EMU countries received a rating bonus on euro-denominated debt before the global financial crisis and a large penalty after 2007.

Legal Issues and Conventions

Sovereign Debt Restructuring: Evaluating the Impact of the Argentina Ruling (2014)

Alfaro Laura - Harvard University

Abstract: Recent rulings in the ongoing litigation over the pari passu clause in Argentinian sovereign debt instruments have generated considerable controversy. Some official-sector participants and academic articles have suggested that the rulings will disrupt or impede future sovereign debt restructurings by encouraging holdout creditors to litigate for full payment instead of participating in negotiated exchange offers. This paper critically examines this claim and argues that the incentives for holdout litigation are limited because of (1) significant constraints on creditor litigation, (2) substantial economic and reputational costs associated with such litigation, and (3) the availability of contractual provisions and negotiating strategies that mitigate the debtor's collective action problems. It also argues that the fact-specific equitable remedy in the Argentina case was narrowly tailored to Argentina's unprecedented disregard for court opinions and for international norms of negotiating sovereign debt restructurings and is therefore unlikely to be used in future debt restructurings.

Argentina Debt -- The Settlement Clause (2014)

Bruno Eugenio A. - Garrido Law Firm

Abstract: This is a paper on the Settlement Clause of the Argentine Bonds that apply to the renegotiation of the Argentina debt in default and particularly about its effects on the debt that was subject to the exchanges carried on in 2005 and 2010. This paper argues that under the Best Creditor clause Argentina would have the possibility of reaching out a settlement with the "holdout" creditors without affecting the rights of the so called exchange bondholders.

Institutional Arrangements for Debt Management

After the Fall: Lessons for Policy Cooperation from the Global Crisis (2014)

Bayoumi Tamim - International Monetary Fund

Abstract: A crisis is a terrible thing to waste, and nowhere is this truer than in the arena of international economic policy cooperation. With the world facing the largest and most synchronized plunge in output of the postwar era, policy makers banded together to find solutions. This paper looks at the lessons from what did—and did not—occur in the area of policy cooperation since the crisis. Outcomes seem to be weaker over time in areas such as macroeconomic policies, where institutional procedures were less well defined and there were disagreements over spillovers. By contrast, cooperation seems to have been most effective where there was a consensus that such policies could avoid the risk of highly detrimental outcomes and institutional arrangements were more concrete. Principle amongst these was trade, but bank capital buffers, IMF resources, and derivatives exchanges also fall into this category. Lessons for those interested in promoting cooperation seems to be: it may be more fruitful to: focus on the potential for major costs from a lack of cooperation, rather than the minor gains from fuller coordination; strive for more consensus estimated spillovers; convince policy-makers costs of loss of cooperation are large; and focus on building better and more enduring institutional arrangements.

Institutional Framework

The Euro crisis: Muddling Through, or On the Way to a More Perfect Euro Union? (2014)

Aizenman Joshua - University Park,Los Angeles

Abstract: This paper looks at the short history of the Eurozone through the lens of an evolutionary approach to forming new institutions. The euro has operated as a currency without a state, under the dominance of Germany. This has so far allowed the euro to achieve a number of design objectives, and this may continue, as long as Germany does not shirk its growing responsibility for the euro's future. Germany's resilience and dominant size within the EU may explain its "muddling-through" approach towards the Eurozone crisis. We review several manifestations of this muddling through process. Greater mobility of labor and lower mobility of under-regulated capital may be the costly "second best" adjustment until the arrival of more mature institutions in the Eurozone.

Fiscal Rules and Compliance Expectations – Evidence for the German Debt Brake (2014)

Heinemann Friedrich - ZEW Mannheim; Janeba Eckhard - University of Mannheim; Schröder Christoph - ZEW Mannheim; Streif Frank - ZEW Mannheim

Abstract: Fiscal rules have become popular to limit deficits and high debt burdens in industrialized countries. A growing literature examines their impact based on aggregate fiscal performance. So far, no evidence exists on how fiscal rules influence deficit expectations of fiscal policy makers. In the context of the German debt brake, we study this expectation dimension. In a first step, we introduce a simple dynamic model in an environment characterized by the lagged implementation of a new rule. Lagged implementation characterizes the setup of the German debt brake and raises credibility issues. In a second step, we analyze a unique survey of members of all 16 German state parliaments and show that the debt brake's credibility is far from perfect. The heterogeneity of compliance expectations in the survey closely corresponds to our theoretical predictions regarding states' initial fiscal conditions, specific state fiscal rules and bailout perceptions. In addition, there is a robust asymmetry in compliance expectations between insiders and outsiders (both for in-state vs out-of-state politicians and the government vs opposition dimension), which we attribute to overconfidence rather than noisy information. These results suggest that national fiscal rules can be strengthened through no bailout rules, sustainable initial fiscal conditions and complementary sub-national rules.

Fiscal Stability Rules in Central European Constitutions (2014)

Antos Marek - Charles University in Prague

Abstract: The so called Fiscal Compact signed by 25 out of 27 EU member states requires the states to transpose the treaty's rules that limit the annual structural deficit and the general government debt "through provisions of binding force and permanent character, preferably constitutional" (Art. 3, §2). While the goal is set, the means are up to respective states, and thus an extraordinary wave of constitutional engineering has been triggered. This paper deals with four countries in Central Europe which have already adopted fiscal stability rules into their law: Germany, Hungary, Poland and Slovakia. It describes the rules adopted and demonstrates that despite some similarities, four wholly distinct models of regulation have been used in these countries. These models are further examined and compared, in particular with respect to their substance (numerical, or institutional fiscal rules), criteria used (state debt, overall public debt, state budget deficit, or structural deficit) and enforcement mechanisms created (automatic cut of expenses, vote of non-confidence in the government, veto power of an independent fiscal council, judicial review, etc.). Finally, the models are evaluated both from the perspective of their democratic legitimacy and from the perspective of their expected efficiency, where the paper draws on existing empirical studies of fiscal stability rules enacted in the past.

Coordination with other Policies and Operations

European Equity Market Contagion: An Empirical Application to Ireland's Sovereign Debt Crisis (2014)

Corbet Shaen - Dublin City University Business School; Twomey Cian - National University of Ireland, Galway (NUIG)

Abstract: This paper examines the time-varying conditional correlations of daily European equity market returns during the Irish sovereign debt crisis. A dynamic conditional correlation (DCC) multivariate GARCH model is used to estimate to what extent the collapse of Irish equity markets and subsequent Troika intervention in Ireland spilled over upon European equity markets during this crisis. During the Irish financial crisis from 2007 to 2010, strong contagion effects are uncovered between Irish equity markets and the eleven investigated European equity markets. The contagion effects are found to ease dramatically in the period after Troika intervention in Irish finances. This result supports bailouts and external financial intervention as a mechanism to mitigate and absorb contagion associated with state-specific financial crises and if possible, should be considered as a primary response function in future cases.

A Dynamic Yield Curve Model with Stochastic Volatility and Non-Gaussian Interactions: An Empirical Study of Non-Standard (2014)

Mesters Geert - VU University Amsterdam; Schwaab Bernd - European Central Bank; Koopman Siem Jan - VU University Amsterdam

Abstract: In this paper we develop an econometric methodology for the study of the yield curve and its interactions with measures of non-standard monetary policy during possibly turbulent times. The yield curve is modeled by the dynamic Nelson-Siegel model while the monetary policy measurements are modeled as non-Gaussian variables that interact with latent dynamic factors, including the yield factors of level and slope. Yield developments during the financial and sovereign debt crises require the yield curve model to be extended with stochastic volatility and heavy tailed disturbances. We develop a flexible estimation method for the model parameters with a novel implementation of the importance sampling technique. We empirically investigate how the yields in Germany, France, Italy and Spain have been affected by monetary policy measures of the European Central Bank. We model the euro area interbank lending rate EONIA by a log-normal distribution and the bond market purchases within the ECB's Securities Markets Program by a Poisson distribution. We find evidence that the bond market interventions had a direct and temporary effect on the yield curve lasting up to ten weeks, and find limited evidence that purchases changed the relationship between the EONIA rate and the term structure factors.

The Euro Area Crisis: Politics Over Economics (2014)

Orphanides Athanasios - Massachusetts Institute of Technology

Abstract: This paper explores the dominant role of politics in decisions made by euro area governments during the crisis. Decisions that appear to have been driven by local political considerations to the detriment of the euro area as a whole are discussed. The domination of politics over economics has led to crisis mismanagement. The underlying cause of tension is identified as a misalignment of political incentives. Member state governments tend to defend their own interests in a no cooperative manner. This has magnified the costs of the crisis and has resulted in an unbalanced and divisive incidence of the costs across the euro area. The example of Cyprus is discussed, where political decisions resulted in a transfer of about half of 2013 GDP from the island to cover losses elsewhere. In the absence of a federal government, no institution can adequately defend the interests of the euro area as a whole. European institutions appear weak and incapable of defending European principles and the proper functioning of the euro. Political reform is needed to sustain the euro but this is unlikely to pass the political feasibility test with the current governments of Europe.

The Two Worlds of the Euro Crisis: What Drives Political Support in Times of Austerity (2014)

Bauer Simon R - Darmstadt University of Technology

Abstract: This article analyzes the effects of the multifaceted Euro crisis and its economic and political repercussions on citizens' EU support and its determinants. The main theoretical argument of this article is that because EU member states were separating into donor and crisis countries, citizens' heterogeneous crisis perceptions created different patterns of attitude change. Drawing from Standard Euro barometer surveys conducted from 2007-2013 in Germany and Greece – representing most prominent examples of donor and crisis countries – this article reevaluates established determinants of EU support and modes of information processing. Results from SEM analyses suggest that citizens rely to a lesser ex-tent on heuristic shortcuts when evaluating economic performance. More strikingly, different patterns of attitude change during the Euro crisis are actually discovered: Different crisis perceptions have led German citizens to rely stronger on identity-based dimensions while Greeks depend more on their national and personal economic situation when forming EU support.

Did the EBA Capital Exercise Cause a Credit Crunch in the Euro Area? (2014)

Mésonnier Jean-Stéphane - Banque de France; Monks Allen - Central Bank of Ireland (MIT)

Abstract: In this paper we exploit a unique monthly dataset of bank balance sheets to document the lending behavior of euro area banks that were subject to the EBA's 2011/12 Capital Exercise. This exercise was announced in October 2011 and required large European banking groups to meet a higher Tier 1 capital ratio by June 2012, after accounting for an unprecedented temporary buffer against exposure to sovereign debt. Controlling for bank characteristics and demand at the level of country of residence, we find that banks in a banking group that had to increase its capital by 1 percent of risk-weighted assets tended to have annualized loan growth (over the 9 month period of the exercise) that was between 1.2 and 1.6 percentage points lower than for banks in groups that did not have to increase their capital ratio. Looking at aggregate effects at the country level, we also find that banks that did not have to recapitalize did not substitute for more constrained lenders. Our results are of particular relevance for the decisions facing the new European Single Supervisor in advance of its Asset Quality Review due in November 2014.

Economic Impact of Selected Conflicts in the Middle East: What Can We Learn from the Past? (2014)

Sab Randa- International Monetary Fund

Abstract: Using narrative-based country-case studies, war episodes in the Middle East were examined to assess their economic impact on conflict and neighboring economies. The paper found that conflicts led to a contraction in growth, higher inflation, large fiscal and current account deficits, loss of reserves, and a weakened financial system. Post-conflict recovery depended on the economic and institutional development of the country, economic structure, duration of the war, international engagement, and prevailing security

conditions. The net economic impact on neighboring countries varied according to their initial economic conditions, number and income level of refugees they hosted, economic integration, and external assistance.

Monetary Policy

Globalization, Pass-through and the Optimal Policy Response to Exchange Rates (2014)

Devereux Michael B. - University of British Columbia; Yetman James - Bank for International Settlements

Abstract: In this paper they examine how monetary policy should respond to nominal exchange rates in a New Keynesian open economy model that allows for a non-trivial role for sterilized intervention. The paper develops the argument against the backdrop of the evolving policy-making environment of Asian economies. Sterilized intervention can be a potent tool that offers policymakers an additional degree of freedom in maximizing global welfare. We show that the gains to sterilized intervention are greater when goods market integration is low and exchange rate pass-through is high. However, increased financial internationalization reduces the effectiveness of sterilized intervention, as the international policy trilemma becomes more relevant. Unsterilized intervention may also have a role to play, although the potential welfare gains from this are generally smaller..

Financial Plumbing and Monetary Policy (2014)

Singh Manmohan - International Monetary Fund

Abstract: This paper focuses on how changes in financial plumbing of the markets may impact the monetary policy options as central banks contemplate lift off from zero lower bound (ZLB). Under the proposed regulations, banks will face leverage ratio constraints. As a result of quantitative easing (QE), banks want balance sheet "space" for financial intermediation/ non-depository activities. At the same time, regulatory changes are boosting demand for high quality liquid assets. The paper also discusses the role of repo markets and the importance of collateral velocity and the need to avoid wedges between repo and monetary policy rates when leaving ZLB.

Escaping the Great Recession (2014)

Bianchi Francesco - Duke University, Durham; Melosi Leonardo - Federal Reserve Bank of Chicago

Abstract: Emerging markets have experienced a sizeable decline in their neutral real interest rates until recently. In this paper the authors try to identify the main factors that contributed to it, with a focus on Brazil. The authors estimate an interval for Brazil's time-varying neutral rate based on a range of structural and econometric models. The authors assess the implications of incorrectly estimating a time-varying neutral rate using a small structural model with a simple monetary policy instrument rule. The authors find that policy prescriptions are very different when facing uncertainty of neutral rate and of output gap. Our result contrasts sharply with Orphanides (2002), suggesting that the best response to neutral rate uncertainty is to ensure policy remains highly sensitive to inflation and output variations.

Fiscal Policy and Budget Management

Ulysses and Sirens: Constitutionalization of Budgetary Constraints in Europe (2014)

Antos Marek - Charles University in Prague

Abstract: The so-called Fiscal Compact signed in March 2012 by 25 out of 27 EU member states requires the states to transpose the treaty's rules that limit the annual structural deficit and the general government debt "through provisions of binding force and permanent character, preferably constitutional" (Art. 3, §2). While the goal is set, the means are up to respective states, and thus an extraordinary wave of constitutional engineering has been triggered. This paper argues that possible solutions should be evaluated both from the perspective of their democratic legitimacy and from the perspective of their expected efficiency and economic performance. The paper advocates a solution which rather supports than replaces political process, a solution which combines a structural deficit based numerical fiscal rule with an independent fiscal council overseeing how the rule is fulfilled.

Public Debt in Macroeconomic Analysis

Inflation and Public Debt Reversals in the G7 Countries (2014)

Akitoby Bernardin - International Monetary Fund; Komatsuzaki Takuji - International Monetary Fund; Binder Ariel - University of Michigan

Abstract: This paper investigates the impact of low or high inflation on the public debt-to-GDP ratio in the G-7 countries. Our simulations suggest that if inflation were to fall to zero for five years, the average net debt-to-GDP ratio would increase by about 5 percentage points over the next five years. In contrast, raising inflation to 6 percent for the next five years would reduce the average net debt-to-

GDP ratio by about 11 percentage points under the full Fisher effect and about 14 percentage points under the partial Fisher effect. Thus higher inflation could help reduce the public debt-to-GDP ratio somewhat in advanced economies. However, it could hardly solve the debt problem on its own and would raise significant challenges and risks. First of all, it may be difficult to create higher inflation, as evidenced by Japan's experience in the last few decades. In addition, un-anchoring of inflation expectations could increase long-term real interest rates, distort resource allocation, reduce economic growth, and hurt the lower–income households.

An Application of the "Fan-Chart Approach" to Debt Sustainability in Post-HIPC Low-Income Countries t (2014)

Kaffo Melou Maximilien - International Monetary Fund; Sumlinski Mariusz - International Monetary Fund; Geiregat Chris - International Monetary Fund

Abstract: In this paper we analyze the debt dynamics in countries that benefited from the HIPC/MDRI debt relief initiatives with a view to applying a probabilistic approach to estimating future debt paths for those countries. We extend the probabilistic approach to public debt sustainability analysis (DSA) proposed by Celasun et al. (2006). This required addressing the twin challenges of a the time period that is too short to conduct country-by-country estimations and the presence, suggested by econometric evidence, of a break–point around 2006 in the dynamics of debt accumulation. To overcome the data limitations, we pool the data and estimate a panel VAR, thus taking advantage of the large cross–section. To account for the break–point, while applying a probabilistic approach to forecasting debt paths, we use the post–break–point information so as not to bias the forecasts of debt paths. As an illustration of the approach we apply the methodology to eight countries with different debt profiles.

Growth: Now and Forever? (2014)

Ho Giang - International Monetary Fund; Mauro Paolo - International Monetary Fund

Abstract: Forecasters often predict continued rapid economic growth into the medium and long term for countries that have recently experienced strong growth. Using long-term forecasts of economic growth from the IMF/World Bank staff Debt Sustainability Analyses for a panel of countries, we show that the baseline forecasts are more optimistic than warranted by past international growth experience. Further, by comparing the IMF's World Economic Outlook forecasts with actual growth outcomes, we show that optimism bias is greater the longer the forecast horizon.

Measuring Sustainability: Benefits and Pitfalls of Fiscal Sustainability Indicators (2014)

Malito Debora Valentina - European University Institute

Abstract: The concept of sustainability emerged on the global governance agenda during the 1970s, when, the economic crisis put the spotlight on environmental and social risks associated with economic growth. Although much has been written about it, the literature on pillars, dimensions and measures of sustainability has developed quite independently from the discussions on the idea of sustainability as a set of interlinked and interdependent concentric thematic circles (that is its environmental, social, economic and institutional dimensions). Beginning with this conceptual debate, the present paper argues that indicators of fiscal sustainability are caught between demands of a solvency criterion and the principles of inter- and intra-generational equity. Bypassing their function as a mere representation of reality, these indicators have played a key role in de facto regulating the current fiscal crisis and in eclipsing the other dimensions of sustainability. To discuss this argument, the paper's first section explores the literature on sustainability indicators and composite indices of sustainable development. Its second part focuses on indicators of fiscal sustainability evaluating concepts, measures and demands. The third part gives insight into two measures, the United Nations' (UN) Debt to GNI ratio and the European Union's (EU) fiscal sustainability gap indicators. The fourth part concludes by summarizing conceptual, normative and ontological questions.

The Flow of Capital and the Eurozone Crisis (2014)

Svrtinov Vesna Georgieva - University Goce Delcev;Temjanovski Riste - University Goce Delcev;Trajkovska Olivera Gjorgieva - University Goce Delcev

Abstract: Historical experience shows that in the world of high capital mobility, sudden stops of capital inflows may occur, typically triggering financial crises. The latest financial crisis in the euro zone (EZ) seems to support this point of view. Euro adoption encouraged a capital flow bonanza from the countries which constitute the center of the euro zone, to the countries which make up the periphery of the euro zone, where it was possible to obtain better returns, due to their less developed financial systems. This explains the large current account surplus in the Euro center countries (like Germany and Netherlands) and the deficits in the Euro periphery countries (Greece, Portugal, Spain). The sudden stop which happened in 2009, made it difficult for periphery countries to roll over debt, and thus caused a crisis. This paper analyses the role of large capital inflows in generating the EZ crisis. We

argues that the impact on capital flows within the euro zone of financial deregulation and liberalization and of the adoption of the common currency was critical in exacerbating a growing competitiveness gap between core and periphery countries and explaining the evolution of the crisis.

Determinants of OECD Countries' Sovereign Yields: Safe Havens, Purgatory, and the Damned (2014)

Bortoli Clément - Agence France Trésor ; Harreau Louis - Agence France Trésor; Pouvelle Cyril - Agence France Trésor

Abstract: In this paper, we estimate the determinants of the spreads between the 10-year sovereign bond yields and the (interest rate) swap rate for a sample of 22 OECD countries over the January 1999-December 2013 period, using various models. Our main, fixed-effect, model highlights the crucial role of GDP growth, public deficit and debt liquidity in explaining the level of spreads, while the public debt-to-GDP ratio plays a lesser role. We find that our results are mainly driven by observations on euro area countries after the onset of the 2008 crisis, with observed spreads found to significantly exceed estimated values during the crisis for a number of euro area countries. We also shed light on the effect of unconventional monetary policies, while Target 2 balances are used for euro area countries in order to reflect concerns on the stability of the euro area. Finally, according to our co integration model, we find a long-term relationship between the spread, the debt-to-GDP ratio, and potential GDP growth, with a larger impact of the latter variable.

Sovereign Defaults by Currency Denomination (2014)

Jeanneret Alexandre - HEC Montréal; Souissi Slim - Université d'Évry

Abstract: This paper explores the drivers of sovereign defaults in 100 countries over the period 1996-2012. We build a new data set of sovereign defaults and find that default events on local and foreign currency bonds are equally likely. However, governments default under different economic and financial conditions depending on the bond's currency denomination. Various economic and financial characteristics explain 55% of the variation in default probability, while the explanatory power drops to 35% when ignoring differences in currency denomination. We also provide evidence that global factors and market sentiment, which are known to drive sovereign spreads, do not help explain the probability of sovereign default. Hence, these factors appear to affect the price of sovereign credit risk, but not the risk itself.

Austerity, Fiscal Volatility, and Economic Growth (2014)

Curatola Giuliano - Goethe University Frankfurt ; Donadelli Michael - SAFE Research Center; Gioffré Alessandro - Goethe University Frankfurt; Grüning Patrick - Goethe University Frankfurt

Abstract: This paper contributes to the ongoing debate on the relationship between austerity measures and economic growth. We propose a general equilibrium model where (i) agents have recursive preferences; (ii) economic growth is endogenously driven by investments in R&D; (iii) the government is committed to a zero-deficit policy and finances public expenditures by means of a combination of labor taxes and R&D taxes. We find that austerity measures that rely on reducing resources available to the R&D sector depress economic growth both in the short- and long-run. High debt EU members are currently implementing austerity measures based on higher taxes and/or lower investments in the R&D sector. This casts some doubts on the real ability of these countries to grow over the next years.

'Mind the Gap': Are Sovereign Spreads a Significant Factor for Explaining Income Inequality in the Euro-Zone Periphery? (2014)

Tsenes Christos - EUROBANK Asset Management M.F.M.C, Thomakos Dimitrios D. - University of Peloponnese

Abstract: In this paper, we explore whether sovereign spreads/yields, when considered along with real GDP, unemployment and inflation have had any significant effect on the equality of income distribution for a series of country-members of the European Union (plus Norway). Additional focus is given on countries of the European periphery that have undergone a “Troika-like” program and have undertaken radical policies towards fiscal consolidation and debt reduction. Using panel data, our results show that neither the sovereign spreads nor sovereign borrowing costs have had a statistically significant, direct effect upon income distribution in the European periphery; rather, growth and unemployment rates (and possibly inflation) tend to matter more. However, we do find an indirect, non-linear effect using a double-layer model, where the effects of interest rates and spreads on inequality are estimated via their pass-through on growth and unemployment. This study comes to shed more light on the potential relationship between sovereign spreads and equality in income distribution during the latest turbulent years in the European Union, hence, an area little investigated so far. Our results provide useful guidelines for policy makers interested in implementing policies for maintaining social cohesion.

A Macro-Financial Analysis of the Euro Area Sovereign Bond Market (2014)

Dewachter Hans - Catholic University of Leuven (KUL); Iania Leonardo - Louvain School of Management (UCL); Lyrio Marco - Insper Institute of Education and Research; De Sola Maite - National Bank of Belgium

Abstract: This paper we estimate the 'fundamental' component of euro area sovereign bond yield spreads, i.e. the part of bond spreads that can be justified by country-specific economic factors, euro area economic fundamentals, and international influences. The yield spread decomposition is achieved using a multi-market, no-arbitrage affine term structure model with a unique pricing kernel. More specifically, we use the canonical representation proposed by Joslin, Singleton, and Zhu (2011) and introduce next to standard spanned factors a set of un spanned macro factors, as in Joslin, Priebsch, and Singleton (2013). The model is applied to yield curve data from Belgium, France, Germany, Italy, and Spain over the period 2005-2013. Overall, our results show that economic fundamentals are the dominant drivers behind sovereign bond spreads. Nevertheless, shocks unrelated to the fundamental component of the spread have played an important role in the dynamics of bond spreads since the intensification of the sovereign debt crisis in the summer of 2011.

Public Debt and Economic Growth in Emerging Market Economies (2014)

Fincke Bettina - Bielefeld University; Greiner Alfred - Bielefeld University

Abstract: This paper studies the relationship between public debt and economic growth for selected emerging markets performing panel data estimations. Several regressor variables are included, but the main focus is on public debt. The results reveal a significant positive correlation between public debt and the subsequent growth rate of per capita GDP. Population and investment also yield a significant positive influence on subsequent growth, whereas the initial real GDP per capita gives a negative influence. Other variables such as the inflation rate, the trade balance or the exchange rate do not render a significant effect with respect to economic growth.

Debt Deflation Worries: a Restatement (2014)

Sau Lino - Turin University

Abstract: There has recently been a marked increase in concern of debt deflation worries particularly in the euro zone. This is the second time in the past recent years that widespread interest about this relevant economic phenomenon has come to the fore, the first being during and in the aftermath of the Asian crisis and Japan great stagnation, and the second being after the current financial turmoil stemmed from the US and propagating later in Europe. After an overview of the relevant insights by the debt-deflation school in this paper I try to update these analysis and findings to understand the causes and consequences of nowadays debt deflation process.

Saving Europe?: The Unpleasant Arithmetic of Fiscal Austerity in Integrated Economies (2014)

Mendoza Enrique G. - University of Pennsylvania; Tesar Linda – NBER; Zhang Jing - Federal Reserve Bank of Chicago

Abstract: What are the macroeconomic effects of tax adjustments in response to large public debt shocks in highly integrated economies? The answer from standard closed-economy models is deceptive, because they underestimate the elasticity of capital tax revenues and ignore cross-country spillovers of tax changes. Instead, we examine this issue using a two-country model that matches the observed elasticity of the capital tax base by introducing endogenous capacity utilization and a partial depreciation allowance. Tax hikes have adverse effects on macro aggregates and welfare, and trigger strong cross-country externalities. Quantitative analysis calibrated to European data shows that unilateral capital tax increases cannot restore fiscal solvency, because the dynamic Laffer curve peaks below the required revenue increase. Unilateral labor tax hikes can do it, but have negative output and welfare effects at home and raise welfare and output abroad. Large spillovers also imply that unilateral capital tax hikes are much less costly under autarky than under free trade. Allowing for one-shot Nash tax competition, the model predicts a "race to the bottom" in capital taxes and higher labor taxes. The cooperative equilibrium is preferable, but capital (labor) taxes are still lower (higher) than initially. Moreover, autarky can produce higher welfare than both Nash and Cooperative equilibria.

Labor Market Policy and Environmental Fiscal Devaluation: A Cure for Spain in the Aftermath of the Great Recession? (2014)

Kratena Kurt – WIFO; Sommer Mark - WIFO

Abstract: This paper evaluates different options of labor market policy and tax reform with payroll tax reductions for the Spanish economy in the current situation of high unemployment and debt constraints for public and private households. The Spanish economy in the aftermath of the Great Recession is characterized by household debt de-leveraging, continuous public spending cuts and stagnation in output and employment. A disaggregated dynamic

New Keynesian (DYNK) model covering 59 industries and five income groups of households is used to evaluate the macroeconomic and labor market impact of the following policy options: 1. subsidizing "green jobs" and reduction of hours worked as an active labor market policy measure, 2. environmental fiscal devaluation (reductions in social security contributions balanced by an environmental consumption tax). The results show a significant output and employment multiplier effect of these policies, given the public budget constraint.

Articles in reviews/in books

Coordination with other Policies

How Accounting Information and Macroeconomic Environment Determine Credit Risk? Evidence from Greece (2014)

Makri Vasiliki - University of Patras; Papadatos Konstantinos - University of Patras

Abstract: In this paper, we study the determinants of credit risk in the Greek banking sector. Credit risk is related to bank asset quality and considered responsible for bank failures. In this context, we investigate how loan quality can be explained by accounting and macroeconomic factors. Aggregate loans loss provisions (LLP) are used as a proxy for measuring credit risk. Using quarterly aggregate data that span from 2001Q1 to 2012Q4, we examine a period that covers the recent financial crisis in Greece. The results of Generalized Method of Moments (GMM) estimations indicate that LLP is positively affected by unemployment, public debt, loans loss provisions of previous quarter and negatively by capital adequacy ratio. Therefore, our findings support the hypotheses that both macroeconomic environment and accounting information exert significant influence on the credit risk of Greek banking system.

Fiscal Policy and Budget Management

EU Fiscal Governance and the Effectiveness of its Reform (2014)

De Streel Alexandre - University of Namur

Abstract: This paper analyses the reforms of the fiscal governance in the European Union introduced after the euro crisis. The first section is descriptive and gives a brief overview of the new fiscal governance as modified by the six-pack, the TSCG and the two-pack. The second section is critical and analyses the weaknesses of the original fiscal governance and the effectiveness of the recent reforms. The third section briefly concludes. Originally in 1992, the EU fiscal governance was based on fiscal decentralization constrained by rules (limits of 3% government deficit and 60% government debt) whose compliance was monitored annually and whose violation are sanctioned (the excessive deficit procedure). The financial solidarity was minimal. The Euro crisis and the high financial instability of some Member States have shown the severe flaws of such governance model: the fiscal rules were sometimes inappropriate and often poorly implemented. Inevitably then, the crisis led to more financial solidarity than expected. [...].

Books

Coordination with other policies

Shifting priorities; building for the future (2014)

The World Bank

Summary: Developing countries are headed for a third consecutive year of disappointing growth below 5 percent, as first quarter weakness in 2014 has delayed an expected pick-up in economic activity, says the World Bank's latest Global Economic Prospects report, issued on June 10, 2014. In contrast, recovery in high-income countries is gaining momentum, despite first quarter weakness in the United States.

Web Resources

Core Topics in Debt Management

[Financial regulation, complexity and innovation]
BIS
Speech by Jaime Caruana General Manager, Bank for International Settlements.

Multilateral Debt

Republic of Madagascar: Request for Disbursement Under the Rapid Credit Facility - IMF Country Report No. 14/181
International Monetary Fund
The Malagasy authorities managed to avert a macroeconomic crisis during a difficult period of political transition and economic uncertainty since 2009. [...]

Solomon Islands: Third Review Under the Extended Credit Facility Arrangement and Request for Modification of Performance Criteria-Staff Report - IMF Country Report No. 14/170
International Monetary Fund
This report contains information on economic growth and the Economic and Monetary developments . [...]

Côte d'Ivoire: Fifth Review Under the Three-Year Arrangement Under the Extended Credit Facility and Requests for Modification of Performance Criteria and Extension of the Current Arrangement; Staff Report - IMF Country Report No. 14/163
International Monetary Fund
This report says that all end-December performance criteria and all but one indicative target (the indicative target on the floating debt ceiling) were met. [...]

Colombia: Review Under the Flexible Credit Line Arrangement - Staff Report - IMF Country Report No. 14/172
International Monetary Fund
Colombia has maintained a robust economic performance in recent years due in large part to its very strong policy framework. [...]

Central African Republic: Request for Disbursement Under the Rapid Credit Facility and the Cancellation of the Extended Credit Facility Arrangement-Staff Report - IMF Country Report No. 14/164
International Monetary Fund
The March 24, 2013, seizing of power by a coalition of rebels (Séléka) triggered a political and security crisis that resulted in a sharp contraction of economic activity, budgetary pressures, widespread destruction of administrative and economic infrastructures, a paralysis of the public administration, intercommunity conflicts, and a major humanitarian crisis.[...]

Jamaica: 2014 Article IV Consultation and Fourth Review Under the Extended Fund Facility and Request for Modification of Performance Criteria-Staff Report - Country Report No. 14/169
International Monetary Fund
This paper is the for the periodic consultation with the member country […]

Niger: Second and Third Reviews Under the Extended Credit Facility Arrangement -Staff Report - IMF Country Report No. 14/168
International Monetary Fund
Niger's economic performance suffered from the harmful effects of several exogenous shocks in 2013. [...]

Sierra Leone: First Review Under the Extended Credit Facility Arrangement, Request for Modification of Performance Criteria, and Financing Assurances Review-Staff Report - IMF Country Report No. 14/171
International Monetary Fund
In this report we talk about the discussions on the first review under the Extended Credit Facility (ECF) arrangement focused on the performance of the program, and the political commitments and reforms for 2014. [...]

Legal Issues and Conventions

Regulatory Consistency Assessment Programme (RCAP) Assessment of Basel III regulations – CANADA

BIS

OSFI implemented the Basel III risk-based capital regulations in line with the internationally agreed timeline, bringing them into force on 1 January 2013. The Canadian Capital Adequacy Requirements Guideline (CAR Guideline) applies to all 105 locally incorporated banks, trust and loan companies, including those that are not internationally active.[...]

Review of the Pillar 3 disclosure requirements

BIS

Pillar 3 of the Basel framework aims to promote market discipline through regulatory disclosure requirements. These requirements enable market participants to assess more effectively key information relating to a bank's regulatory capital and risk exposures in order to instil confidence about a bank's exposure to risk and overall regulatory capital adequacy.[...]

US Supreme Court Declines To Review Widely Opposed Ruling on Argentine Debt: Why?

Oid-Ido - International Debt Observatory

Article by Mark Weisbrot: Last week, the United States Supreme Court decided not to review a ruling in the Second Circuit Court of Appeals whose effect is that Argentina must pay "holdout" creditors who refused to participate in debt restructuring agreements that Argentina reached with the majority of bondholders following the 2001 default on its sovereign debt.[...]

Active Debt Management

Emta Survey: First Quarter Emerging Markets Debt Trading Ticks Up To US$1.589 Trillion

Emta

Emerging Markets debt trading volumes increased to US$1.589 trillion in the first quarter of 2014, according to a report released today by EMTA, the trade association for the Emerging Markets debt trading industry. This compares with US$1.399 trillion reported for the first quarter of 2013 (a 14% increase) and US$1.32 trillion for the fourth quarter (an increase of over 20%).[...]

Risk Management Models

Risk Assessment of the European Banking System – June 2014

EBA

This is the fifth semi-annual report on risks and vulnerabilities of the European banking sector conducted by the European Banking Authority (EBA). This report describes the main developments and trends that affected the EU banking sector in the first half of 2014 and provides the EBA's outlook on the main micro-prudential risks and vulnerabilities looking ahead.[...]

Derivatives

A MIFID brainteaser: define liquidity

ISDA

What do we mean when we say a financial instrument is liquid? That it trades 100 times a day? Ten times a day? Less than that? It's a question the European Securities and Markets Authority (ESMA) currently has the unenviable task of trying to answer for all non-equity instruments as part of its efforts to draw up detailed rules for the implementation of the revised Markets in Financial Instruments Directive (MIFID) in Europe. Unenviable because a lot is riding on getting the definition spot on – continued market liquidity at current levels for one.[...]

Institutional Framework

Lessons from the 2012 Greek debt restructuring

VOX

The 2012 Greek debt restructuring was the largest one in the history of sovereign defaults. This column discusses the lessons from this historically unprecedented episode. Delaying the restructuring implied that externally held debt remained higher than it would have been otherwise. Supportive crisis management is necessary for smooth restructuring to take place in a currency union.

Accounting, Transparency and Accountability

Statistics Pocket Book, June 2014
European Central Bank
Statistics Pocket Book is updated monthly and contains the Area Euro Statistical series.

Calendar of DMFAS Programme missions
UNCTAD
Updated list of missions by UNCTAD's Debt Management Financial Analysis System (DMFAS) Program over the period Jul - Aug 2014.

Main Economic Indicators, Volume 2014 Issue 6
OCDE
The monthly Main Economic Indicators (MEI) presents comparative statistics that provide an overview of recent international economic developments for the 34 OECD countries, the euro zone and a number of non-member economies.

Coordination with other policies and operations

United Arab Emirates: 2014 Article IV Consultation-Staff Report - IMF Country Report No. 14/187
International Monetary Fund
This paper is the for the periodic consultation with the member country […]

The Role of Structural Reform for Adjustment and Growth
European Commission
This Economic Brief recapitulates some main insights on the role of structural reform for adjustment and growth in the EU. […]

Seychelles: Request for An Arrangement Under the Extended Fund Facility-Staff Report -IMF Country Report No. 14/186
International Monetary Fund
The 4-year EFF-supported program that expired in December 2013 attained its key goals of reducing public debt, building reserves and implementing structural reforms to raise growth potential, strengthen public finances, and enhance oversight of state-owned enterprises. […]

Rwanda: First Review Under the Policy Support Instrument-Staff Report; and Press Release - IMF Country Report No. 14/185
International Monetary Fund
Rwanda continues to face the challenge of sustaining high growth while reducing its reliance on aid and preventing the build-up of imbalances.[…]

Cyprus: Fourth Review Under the Extended Arrangement Under the Extended Fund Facility - IMF Country Report No. 14/180
International Monetary Fund
On May 15, 2013, the Executive Board approved a three-year Extended Arrangement under the Extended Fund Facility in the amount of SDR 891 million (563 percent of quota; about €1 billion). Four purchases of amounts equivalent to SDR 74.25 million (about €84 million) each have been made so far, and another purchase of the same amount is proposed to be released upon completion of the fourth review. […]

Bhutan: 2014 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for Bhutan – Country Report No. 14/178
International Monetary Fund
This paper is the for the periodic consultation with the member country […]

Fragmentation of wholesale funding markets – an empirical approach to measure country-specific risk premia in banks' bond spreads
European Commission – Economic Brief
This paper presents empirical evidence that euro-area wholesale banking markets have become fragmented along national boundaries. The estimations identify a significant premium in the range 60-170 basis points on issued debt that banks have paid to investors if they are located in Spain, Ireland or Italy. […]

France: 2014 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for France - IMF Country Report No. 14/182
International Monetary Fund

This paper is the for the periodic consultation with the member country […]

Financing the recovery: the state of Europe's financial sector
European Commission
Following serious setbacks in the recent banking and sovereign debt crisis, European financial markets have started to function more properly again and have stabilized over recent years. Risk taking in financial markets has returned and disparities in financing conditions across euro-area countries diminished. [...]

Research Bulletin - No 21, Spring 2014
European Central Bank
The first group of papers concentrated on how alternative policies could help to mitigate the effects of financial and fiscal distress. […] The second group of papers emphasized the role of banks in explaining key macroeconomic facts. Galo Nuño (ECB) presented a macro model with banks facing endogenous leverage constraints. […] The third group of papers analyzed key features of the Great Recession. […]

Convergence Report June 2014
European Central Bank
The euro was introduced on 1 January 1999 in 11 EU Member States. Since then, seven other EU Member States have adopted the single currency, the most recent being Latvia on 1 January 2014. Following Croatia's accession to the EU on 1 July 2013, there are ten EU countries that do not yet participate fully in EMU, i.e. they have not yet adopted the euro. [...]

84th Annual Report - June 2014 – BIS
BIS
The global economy has shown encouraging signs over the past year. But its malaise persists, as the legacy of the Great Financial Crisis and the forces that led up to it remain unresolved.[...]

Financial Markets Outlook
The World Bank
The global economy has shown encouraging signs over the past year. But its malaise persists, as the legacy of the Great Financial Crisis and the forces that led up to it remain unresolved.[...]

Latin America and Caribbean governments could do more on budget management, public sector pay equality - OECD-IDB
ILAC Debt Group -Inter-American Development Bank
Latin American and Caribbean countries need to do more to improve budget management, tax collection and public sector pay equality if they are to catch up with advanced economies in terms of government performance, according to a joint report by the OECD and the Inter-American Development Bank (IDB).

Crisis Recovery: Flying on a Single Engine
The World Bank
Policy makers in the advanced economies at the core of the global financial crisis can make the claim that they prevented a new "Great Depression".

Colombia: Selected Issues Paper - IMF Country Report No. 14/167
International Monetary Fund
Colombia has a strong fiscal framework that prescribes a prudent, albeit challenging, fiscal consolidation over the medium term. [...]

Ireland: First Post-Program Monitoring Discussions - IMF Country Report No. 14/165
International Monetary Fund
The Irish economy is in the early stages of recovering from an exceptionally severe banking crisis. […]

Russian Federation: 2014 Article IV Consultation-Staff Report; Informational Annex; Press Release - IMF Country Report No. 14/75
International Monetary Fund
This paper is the for the periodic consultation with the member country […]

Republic of Azerbaijan: 2014 Article IV Consultation-Staff Report; Press Release - Country Report No. 14/159
International Monetary Fund
This paper is the for the periodic consultation with the member country […]

Republic of Poland: 2014 Article IV Consultation - Staff Report; Press Release; and Statement by the Executive Director for the Republic of Poland - IMF Country Report No. 14/173
International Monetary Fund
This paper is the for the periodic consultation with the member country […]

Mali: Poverty Reduction Strategy Paper-Progress Report - IMF Country Report No. 14/166
International Monetary Fund
This country document describes the structural, and social policies in support of growth and poverty reduction. […]

Low Growth as a Threat to Latin America's Social Gains
The World Bank
For almost a decade, the large emerging market economies, including several countries in Latin America and the Caribbean (LAC), have been regarded by analysts and investors as new engines of growth. The enthusiasm was further sparked when, after a short pause in 2009, emerging economies actually led the economic recovery in the world. A new story line seemed to dominate, that emerging market economies had finally arrived.

Stepping out of the shadow of the crisis: three transitions for the world economy
BIS
Speech by Jaime Caruana - This year's Annual Report offers our views on current challenges and aims to examine policies that might help us step out of the long shadow of the crisis. Our approach is to seek a long-term perspective with a view to shedding light on both the build-up of financial imbalances pre-crisis and their lasting consequences.[...]

The sovereign debt crisis and the euro area - Workshops and Conferences
Bank of Italy
This publication collects the papers presented at the workshop entitled "The sovereign debt crisis and the euro area", held at the Bank of Italy in Rome on 15 February 2013. In recent years the Economic Research and International Relations Area of the Bank of Italy has conducted several analyses on the impact of the sovereign debt crisis on the financial system and the economy in Italy and other euro-area countries.[...]

Monetary Policy

Europe's Half a Banking Union
The Peterson Institute for International Economics
This spring, the EU institutions agreed a series of legislative texts that suggest bank closure decisions will be taken at the European level, not nationally.

Monthly Bulletin, June 2014
European Central Bank
The monthly bullettin contains information on Economic and Monetary developments [...]

Saving the euro: self-fulfilling crisis and the 'Draghi put'
VOX
Like banks, indebted governments can be vulnerable to self-fulfilling financial crises. This column applies this insight to the Eurozone sovereign debt crisis, and explains why the ECB's Outright Monetary Transactions policy reduced sovereign bond spreads in the Eurozone.

Two Years Ago, Banking Union Was Euro Crisis Turning Point
The Peterson Institute for International Economics
Europe's banking union, constituting a supranational pooling of most instruments of banking policy, was established two years ago, in the early hours of June 29, 2012. To a greater extent than was initially realized by most observers, this step marked a watershed in the European crisis by making it possible for the European Central Bank (ECB) to stabilize sovereign debt markets. The banking union will also profoundly reshape and realign Europe's financial system and institutions, with consequences that will unfold gradually.

Fiscal policy and Budget Management

The IMF Was Right to Criticize UK Fiscal Policy
The Peterson Institute for International Economics
British policymakers claim that the United Kingdom's recent strong growth momentum vindicates the government's strategy of harsh fiscal austerity after 2010, prompting Christine Lagarde, the International Monetary Fund's managing director, to apologize for getting it wrong. Her regret was not warranted, however.

Subnational Bond Markets

[Why Local Governments Need to Care About Municipal Finances]

The World Bank

There is a huge gap in cities between the needs of citizens and the resources available to help them. Today, more than 3.5 billion of the world's people live in cities. This is why it is very important for cities to look for savings, prioritize their expenditures, and focus on the frontier issues facing them. The task of getting municipal finances right is urgent and daunting, but eminently reachable.

Public Debt in Macroeconomic Analysis

Report on the macro-prudential research network (MaRs)

European Central Bank

In the spring of 2010 the General Council of the European Central Bank (ECB) approved the establishment of the Macro-prudential Research Network (MaRs), with the objective of developing core conceptual frameworks, models and/or tools that would provide research support, in order to improve macro-prudential supervision in the European Union (EU). [...]

Global economic outlook and financial landscape – what has changed since the global financial crisis?

BIS

The good news is that after five years of rather turbulent conditions and what has been a rather bumpy economic ride, the global economy seems to be finally on the verge of sustained growth. The key to this development is the improved growth conditions that have emerged in many of the advanced economies (AEs), economies that were at the heart of the crisis.[...]

On the special role of macro prudential policy in the euro area

BIS

Remarks by Mr Fabio Panetta, Deputy Governor of the Bank of Italy, at the Netherlands Bank (De Nederlandsche Bank), Amsterdam, 10 June 2014.

WB Lowers Projections for Global Economic Outlook, Urges Developing Countries to Double Down On Domestic Reforms

The World Bank

Developing countries are headed for a year of disappointing growth, as first quarter weakness in 2014 has delayed an expected pick-up in economic activity, according to the World Bank's Global Economic Prospects (GEP) report.

Three Perspectives on Brazilian Growth Pessimism

The World Bank

It has become increasingly evident over the last two years that the growth engine of the Brazilian economy has run out of steam. Despite relative resilience during the global financial crisis and following a quick recovery, economic growth registered just 1 percent in 2012 and a meager 2.5 percent in 2013. More recently, the economy grew at the annual equivalent of only 0.6 percent in the first quarter of 2014. Little improvement is expected in the near term. To the contrary, as of early June, the median forecaster expects growth of 1.4 for 2014 and 1.8 percent for 2015. Further out the horizon, a muted recovery is anticipated that would bring growth to 2.5-3 percent between 2016 and 2018.

OECD Economic Outlook, Volume 2014 Issue 1

OECD

The OECD Economic Outlook is the OECD's twice-yearly analysis of the major economic trends and prospects for the next two years. The Outlook puts forward a consistent set of projections for output, employment, prices, fiscal and current account balances.[...]

Network News

From January 2011 the "Network News" section is present also in the *Public area* of the Network's website. The Partners can find *daily news* (14.856 items inserted by the Secretariat since January 2011) extracted from best online newspapers and info providers and classified by geographical areas.

Annual Reports & Guidelines go to the "*Information Corner*" on www.publicdebtnet.org

Events and Courses

Newly uploaded

21 – 28 July 2014 - Tegucigalpa, Honduras
Taller para la Elaboración de la Estrategia de Financiamiento Sostenible

4 August 2014 - The World Bank: e-learning
Policies for Growth

4 – 5 August 2014 - Imperial College London, UK
9th Annual London Business Research Conference

25 August – 3 October 2014 – UNITAR: web-based
Advanced Risk Management (2014)

15 September 2014 - United Kingdom
CS-DRMS Master class: Optimizing Debt Management Operations

6 – 8 September 2014 - Kuala Lumpur, Malaysia
The World Seeks Solutions in Kuala Lumpur, Malaysia!

22 – 24 September 2014 - Ljubljana, Slovenia
Financial Reporting on General Government and its Sub-sectors

13 October 2014 - International Capital Market Association (ICMA) Limited - 23 College Hill - London
European Regulation: An Introduction for Capital Market Practitioners

Previously signaled

04 August 2014 - Asunción, Paraguay.
Curso sobre Instrumentos Financieros y Normas Internacionales de Información Financiera, 2014

11 August 2014 - Asunción ,Paraguay
X Annual Meeting of the LAC Debt Group

01 September 2014 - United Kingdom
Budget Execution through Strategic Financial Management

8 September - 10 October 2014 - e-learning
Public Funds and their Auditing
09-11 September 2014 - Offices of Credit Suisse (11 Madison Ave) - New York
2014 IIF Executive Program on Risk Management - Risk Strategy Beyond Basel III

09 – 12 September 2014 - Christ's College Cambridge
Government Debt Management: New Trends and Challenges

09 – 12 September 2014 - Christ's College, Cambridge
Effective Oversight of Financial Market Infrastructures.

09 – 12 September 2014 - Christ's College Cambridge
Legal Risks and Good Governance for Central Banks

24 September 2014 - International Capital Market Association (ICMA) Limited - 23 College Hill - London
Global Master Agreements for Repo and Securities Lending Workshop

01 October 2014 - Deutsche National bibliothek (German National Library) - Adickesallee 1 - 60322 Frankfurt am Main
The 7th Annual bwf and ICMA Capital Markets Conference

13 October 2014 - United Kingdom
Implementing Programme & Performance Budgeting

17-18 November 2014; Basel, Switzerland
Fifth Joint BIS/World Bank Public Investors Conference

27 November 2014 - University of Geneva, Switzerland
2nd Geneva Summit on Sustainable Finance
[Call for Papers]

1 January 2015 - London, UK
The New 2014 ISDA Credit Derivatives Definitions

Communication Corner

At the link below, Partners can find details on the *Thailand* study visit held on February 2014 at the Italian Ministry of Economy and Finance premises.

http://www.publicdebtnet.org/public/MoreAboutUs/Study/

REMINDER…

e-LEARNING COURSE MATERIALS
The PDM network website hosts materials from e-learning course "**ADVANCED RISK MANAGEMENT**" organized by UNITAR thanks to Enrique Cosio-Pascal contribution.
The four modules course is downloadable from the Reserved Area of the website in the Section "*Learning Area*". This course is oriented toward those economists and financial specialists that would be dealing with financial risk management issues.

Some figures

On 21st July 2014, the number of total resources of the PDM Network website is 20.393 (of which 15.113 news, 2.334 papers and articles in reviews and books, 212 books and 1.974 webresources). The Members are 765, coming from 110 countries. 409 Partners belong to sovereign debt management institutions of emerging and advanced countries. This newsletter is sent to 582 Partners.

Special thanks

The PDM Secretariat is grateful to Gerry Teeling (DMFAS Programme) for his resource contribution.

Participating Institutions in the PDM Network

OECD
Australian OFM, Austrian DMA, Belgian DMA, Belgian Central Bank, Canadian Foreign Affairs and International Trade, Canadian Government, Chilean Central Bank, Chilean MOF, Czech Central Bank, Czech Mof, Danish DMO, Danish Central Bank, Danish Mof, Dutch Central Bank, Dutch DMA, Dutch MoF, Finnish Treasury, Finnish MoF, French Central Bank, French DMA, French MoF, German Central Bank, German MoF, German Finance Agency, Greek DMA, Greek MoF, Greek Central Bank, Hungarian DMA, Hungarian MoF, Hungarian National Bank, Icelandic DMA, Irish NTMA, Irish MoF, Israeli MoF, Israeli Central Bank, Italian Development Co-operation Office, Italian Ministry of Foreign Affairs, Italian MoF, Italian Senate, Japanese MoF, Japanese Central Bank, Luxembourg Mof, Mexican MoF, New Zealander DMO, Norwegian MoF, Polish MoF, Polish Central Bank, Portuguese Central Bank, Portuguese DMA, Slovak MoF, Slovak DMA, Slovenian MoF, Spanish Central Bank, Spanish MoF, Swedish DMO, Swedish Mof, Swiss State Secretary for Economic Affairs SECO, Turkish Treasury, US GAO, US Treasury, UK Central Bank, UK DMO, UK Treasury.

Non-OECD
Afghan Mof, Albanian Mof, Angolan National Bank, argentine Central Bank, Argentine MoF, Bangladeshi MoF,The Audit Board of The Republic of Indonesia, Autonomous Sinking Fund of Cameroon, Barbados Central Bank, Bosnia and Herzegovina Federal Ministry of Finance, Brazilian Central Bank, Brazilian MoF, Bulgarian MoF, Chinese MoF, Colombian MHCP, Cypriot Central Bank, Cypriot MoF, Dubai Government, Dubai MoF, Eastern Caribbean Central Bank, Egyptian MoF, Estonian MoF, Ethiopian MoF, Fiji MoF, Georgian Mof, Ghanaian Central Bank, Ghanaian MoF, Hong Kong Monetary Auth., Indian Reserve Bank, Indian NIPF, Indonesian Central Bank, Jordanian Central bank, Kenyan Central Bank, Kenyan MoF, , Latvian DMO, Lebanese MoF, Lesotho Central Bank, Lesotho MoF, Lithuanian MoF, Republic of Macedonia MoF, Malawian Reserve Bank, Maldives MoF, Maltese Treasury, Maltese Central Bank, Mauritius Ministry of Finance and Economic Development, Moldovan MoF, Moldovan Court of Accounts, Moroccan MoF, Mozambique Ministry of finance, National Analytical Centre of the Government of Kazakhstan, Nicaraguans Ministry of Finance and Public Credit, Nigerian DMO, State Bank of Pakistan, Pakistani MoF, Papua New Guinean Treasury, Paraguayan Ministry of Finance, Philippine Bureau of the Treasury, Romanian MoF, Romanian Central Bank, Romanian Court of Accounts, Rwandan MoF, Sain Kitts & Nevis MoF, Santa Lucia Ministry of Finance Economic Affairs and National Development, Serbian Mof, Singaporean MoF, Solomon Island Central Bank, Solomon Islands MoF, South African National Treasury, South Korean MoF, Bank Of Korea, Sri Lanka Central Bank, Swaziland's MoF, Tanzanian MoF, Thai Central Bank, Thai Mof, The People's Bank of China, Ugandan Central Bank, United Arab Emirates MoF and Central Bank, Uruguayan MoF, Vietnamese Mof, Zimbabwean DMO.

Multilateral Institutions
ADB-Asian Development Bank, African Development Bank Group, African Forum and Network on Debt and Development (Afrodad), Asian Development Bank Institute, CEF-Center of Excellence in Finance, Commonwealth Secretariat, Debt Relief International, European Bank EBRD, European Central Bank, European Commission, Inter-American Development Bank (IADB), International Monetary Fund (IMF), International Finance Corporation (IFC), International Monetary Fund (IMF), MEFMI, OECD, West African Institute for Financial and Economic Management (WAIFEM), World Bank, United Nations Conference on Trade and Development (UNCTAD).

Universities
Columbia University, CRIEP (Italy), Duke University's Fuqua School of Business, Harvard University, Harvard Business School, Johns Hopkins University, London Business School, Mays Business School at Texas A&M University, National Chengchi University, National University of Science and Technology, Norwegian School of Economics and Business Administration, Stanford University, The George Washington University, University "Dunarea de Jos" Galati – Romania, University of Bologna, University of Brussels, University of California, University of Chicago, University of Colorado, University of London Birkbeck, University of Maryland, University of Milan, University of Molise, University of Padua, University of Rome "La Sapienza", University of Rome "Tor Vergata", University of Tokyo, University of Tuzla, University of Vienna, University of Viterbo "La Tuscia".

Other Institutions
Afrifocus Securities; Association for Financial Markets in Europe (AFME), Barclays Capital, BE Berlin Economics GmbH, Belgrade Banking Academy, Business Monitor International Limited, Cass Business School, CCM - Carolina Capital Markets, Centre for Planning and Economic Research, Crown Agents, CfC Stanbic Bank, Colchester Global Investors, Comitè de Inversiones Extranjeras, Concorde Capital, Devfin Advisers AB, DIFC-Dubai International Financial Centre, Digital Bridge Institute, Econviews, Euromoney, Exchange Data International Limited, Finance for Development-FMO, FTI, HSBC, International Capital Market Association (ICMA), International Social-Economic Development for Africa (ISEDA), Institut d'Anàlisi Econòmica (CSIC), Japan Bank for International Cooperation, JCVP Consulting, Johannesburg Stock Exchange Limited (JSE), KFW Bankengruppe, Korea Bond Pricing, Linus Capital, MAK Azerbaijan Ltd, Mckinsey & Company, Inc. International, Michele Robinson Consult, Morgan Stanley, NEDBANK, Newstate Partners LLP, Oxford Policy Management (OPM), Pragma Corporation, Public Debt Finance, Reykjavik Academy, Századvég Economic Research, Sifma-Epda, Storkey & Co. Ltd., The ONE Campaign, Tudor Investment Corporation, United Bank For Africa (UBA) PLC., U.S. Agency for International Development (USAID).