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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

Primary Market

Determinants and Valuation Effects of the Home Bias in European Banks Sovereign Debt Portfolios (2015)

Horváth Bálint L - Tilburg University; Huizinga Harry - Tilburg University; Ioannidou Vasso - Lancaster University

Abstract: The authors document that large European banks hold sovereign debt portfolios heavily biased toward domestic government debt. This bias is stronger if the sovereign is risky and shareholder rights are strong, as evidence of a risk-shifting explanation of the home bias. In addition, the bias is stronger if the sovereign is risky and the government has positive ownership in the bank, as evidence of a government pressure channel. The home bias is positively valued by the stock market, as reflected by a positive association between the home bias and Tobin's q. The home bias premium declines with domestic sovereign risk, but less so for highly leveraged banks, suggesting that both the risk-shifting and government pressure channels are

operative. The European Central Bank's large injections of liquidity in December 2011 and February 2012 reduced the marginal value of the home bias by allowing banks to expand their exposure to domestic government debt.

The Home Bias in Sovereign Ratings (2015)

Fuchs Andreas - University of Heidelberg; Gehring Kai - University of Heidelberg

Abstract: Credit rating agencies are frequently criticized for producing biased sovereign ratings. This article discusses how the home country of rating agencies could affect rating decisions as a result of political economy influences and cultural distance. Using data from nine agencies based in six countries, the authors test whether agencies assign better ratings to their home countries, as well as to countries economically, geopolitically and culturally aligned with them. Our results show biases in favor of the respective home country, culturally more similar countries, and countries in which home-country banks have a larger risk exposure. Linguistic similarity seems to be the main transmission channel that explains the advantage of the home country.

Secondary Market

Decomposing euro area sovereign spreads: credit, liquidity and convenience (2015)

Pericoli Marcello - Bank of Italy; Taboga Marco - Bank of Italy

Abstract: The paper provides an empirical analysis of sovereign bond spreads for selected euro-area countries. Several methodologies are used to measure and assess the relative importance of three components of sovereign spreads: credit premiums, liquidity premiums and convenience yields. The authors find that, except for Germany, credit premiums explain most of both the level and the variability of spreads, while the other two factors play a limited role, although in several cases they are statistically significant and may become economically relevant during brief episodes of illiquidity.

Issuing in Foreign Currency

Global Financial Spillovers to Emerging Market Sovereign Bond Markets (2015)

Ebeke Christian - International Monetary Fund; Kyobe Annette - International Monetary Fund

Abstract: Foreign holdings of emerging markets (EMs) government bonds have increased substantially over the last decade. While foreign participation in local-currency sovereign bond markets provides an additional source of financing and reduces sovereign yields, it raises concerns about increased sensitivity of yields to shifts in market sentiment. The analysis in this paper suggests that foreign participation and an undiversified investor base transmit global financial shocks to local-currency sovereign bond markets by increasing yield volatility and, beyond a certain threshold, amplify these spillovers. These estimates are robust to a range of econometric techniques including panel smooth threshold regression.

Legal Issues and Conventions

Constitutional Change Through Euro Crisis Law: 'Czech Republic' (2015)

Dumbrovsky Tomas - Yale Law School

Abstract: The paper analyses the impact of Euro Crisis Law -- the legal instruments adopted at European or international level in reaction to the Eurozone crisis -- on the legal and constitutional structures in the Czech Republic. It shows that while the Czech Republic has absented from most of the Euro Crisis Law, it has nevertheless chosen or discussed very similar measures to stabilise its public finances. There are structural and political reasons for the reluctance to commit to the ESM, the Fiscal Compact, or the Banking Union. On the structural level, the Czech Republic was forced to stabilise its banking sector following the banking crisis in the late 1990s in consequence of politics of transition to free market economy after the 1989. Also, the public debt, though on the rise, has been one of the lowest in the EU. On the political level, the opposition to the Euro Crisis Law was lead by part of the elite with different political-economic ideology, for whom further integration in Europe takes vital tools from the Member States to deal with this sort of crises. The leading voice was President Vaclav Klaus and his supporters within the centre-right Civic Democratic Party. Although, his mandate ended, his views are carried out further by the Czech Central Bank's board, whose majority consists of his appointees.

Constitutions, social rights and sovereign debt states in Europe : a challenging new area of constitutional inquiry (2015)

Kilpatrick Claire - European University Institute, Firenze

Abstract: Constitutions, social rights and sovereign debt states in Europe is a rich new seam of constitutional inquiry that challenges existing constitutional scholarship in various ways. I make five claims about how it expands and challenges existing constitutional and EU scholarship. 1. It is new terrain for constitutional social scholarship. 2. Middle-class and public sector entitlements are a deeply problematic area for constitutional social scholarship. 3. Juristocracy charges cannot be the same in times of EU sovereign debt. 4. It contributes in distinctive ways to questions of the existence of a structured EU, and a shared European, constitutional space. 5. Linking constitutional crisis with euro-crisis

and social rights is an important project: Hungary under Orbán as an example.

Credit Ratings and Their Information Value: Evidence from the Recent Financial Crisis (2015)

Kuvíková Gabriela - Charles University Prague

Abstract: This paper examines the accuracy and timeliness of credit ratings in explaining the financial health of debt issuers over the recent financial crisis. Using annual financial statement data and macroeconomic indicators covering 2005-2013 for 2500 financial and non-financial institutions, this paper identifies the determinants of credit rating changes by two incumbent rating agencies: Moody's and Standard & Poor's. Empirical evidence suggests that while Moody's is consistently more conservative in the assessment of default risk for non-financial institutions, Standard and Poor's is consistently more conservative in the assessment of default risk for financial institutions. Fitch's increasing market share deepens the rating disagreement between S&P and Moody's. The results also suggest that sovereign ceilings cease to be restrictive for non-financial institutions over the recent financial crisis. S&P is a follower in its rating actions when compared to Moody's for both financial and nonfinancial institutions.

Designing Legal Frameworks for Public Debt Management (2015)

Awadzi Elsie Addo - International Monetary Fund

Abstract: Sustainable public debt has gained renewed attention as countries implement fiscal consolidation measures in the aftermath of the global financial crisis. Sound public debt policies and debt management practices require robust legal underpinnings. Complex legal issues however arise in the design of the legal framework, and tradeoffs are required in many instances. This paper analyzes key features of modern public debt management legal frameworks, drawing from examples in advanced, emerging, and frontier markets. It aims to provide guidance for countries that seek to review and strengthen their public debt management legal frameworks.

Coordination with other Policies and Operations

Financial innovation in sovereign borrowing and public provision of liquidity (2015)

Gómez-González Patricia - Bank of Spain

Abstract: This paper studies how financial innovation in sovereign debt markets can increase a country's level of private investment and welfare. I propose a model where public debt has a liquidity purpose for the domestic private sector and is demanded as a saving vehicle by more patient international investors. The public bond is risky, it has a low (high) return when the government's fiscal capacity is low (high), but the government cannot strategically default on it. The main result of the paper is that the government can increase private investment by increasing the number of assets supplied, tranching its fiscal capacity, and issuing a safe and a risky bond. The risky bond is held only by international investors and the domestic private sector demands the safe bonds. Safe bonds lower the cost of liquidity hoarding for the private sector which enables it to increase investment. I test the predictions of the model using a dataset on public debt and local currency sovereign debt ownership for a group of emerging economies. I find that domestic collateral constraints are key determinants of the shares held abroad of total public debt and especially of relatively riskier debt instruments (local currency debt).

Monetary Policy

Economic Policy of Debt and Destruction (2015)

Sy Wilson N. - Investment Analytics

Abstract: It is shown from empirical data that the Keynesian policy of continual stimulus of the US economy over decades has led to a mountain of debt and a destruction of economic growth. The causal mechanism of how this occurs has been identified. Excessive Keynesian monetary stimulation of aggregate demand has encouraged new debt creation which has tended to increase consumption more than investment, leading to an ever rising propensity to consume. The over-consumption structure of US aggregate demand has led to lower economic growth which in turn called forth more monetary stimulus, more new debt, greater propensity to consume and lower economic growth, in a vicious spiral of increasing debt and destruction of the US economy. Within this spiral, the Clinton years were a notable hiatus (the "Great Moderation") when debt was retired (debt-deflation) with the economy growing strongly and steadily and unemployment falling to a four-decade low. Clintonomics provides a clue to avoiding Keynesian economic collapse.

Monetary policy and sovereign debt vulnerability (2015)

Nuño Galo - Bank of Spain; Thomas Carlos - Bank of Spain

Abstract: The authors investigate the trade-offs between price stability and the sustainability of sovereign debt, using a small open economy model where the government issues nominal defaultable debt and chooses fiscal and monetary policy under discretion. Inflation reduces the real value of outstanding debt, thus making it more sustainable;

but it also raises nominal yields and entails direct welfare costs. The authors compare this scenario with a situation in which the government gives up the ability to deflate debt away, e.g. by issuing foreign currency debt or joining a monetary union with an anti-inflationary stance. The authors find that the benefits of giving up this adjustment margin outweigh the costs, both for our preferred calibration and for a wide range of parameter values.

Fiscal Policy and Budget Management

Debt Dilution and Sovereign Default Risk (2015)

Hatchondo Juan Carlos - Indiana University Bloomington; Martinez Leonardo - International Monetary Fund; Sosa-Padilla César - McMaster University

Abstract: The authors measure the effects of debt dilution on sovereign default risk and study debt covenants that could mitigate these effects. The authors calibrate a baseline model with endogenous debt duration and default risk (in which debt can be diluted) using data from Spain. The authors find that debt dilution accounts for 78 percent of the default risk in the baseline economy and that eliminating dilution increases the optimal duration of sovereign debt by almost two years. Eliminating dilution also increases consumption volatility, but still produces welfare gains. The debt covenants the authors study could help enforcing fiscal rules.

Fiscal Rules, Financial Stability and Optimal Currency Areas (2015)

De Grauwe Paul - London School of Economics; Foresti Pasquale - London School of Economics

Abstract: In this paper the authors suggest that Eurozone countries face a policy trade-off among: 1) a common rule imposing co-movements in fiscal policy; 2) financial stability; and 3) financial integration. The authors provide empirical evidence documenting the existence of such a trade-off in the period characterized by the financial crisis and by the sovereign debt crisis. Then, the authors conclude that the intense fiscal rules that have been introduced in the Eurozone after the emergence of the debt crisis reduced the capacity of national governments to deal with asymmetric shocks and became incompatible with either free capital mobility and/or financial stability.

GRexit and Why It Will Not Happen: Catastrophic for Greece and Destabilizing for the Euro (2015)

Monokroussos Platon - Eurobank Ergasias SA; Stamatiou Theodoros G. - Eurobank Ergasias SA; Gogos Stylianos - Eurobank Ergasias SA

Abstract: Severe cash constraints faced by the Greek Government due to a pretty demanding schedule of interest and amortization payments in the remainder of 2015 have lately engineered a new explosion of sovereign bond spreads and rekindled fears of a GRexit down the road. Such fears have been exacerbated further in late April 2015 as the progress in implementing the February 20th 2015 Eurogroup agreement has proven to be rather slow and the cash-strapped Greek Government is struggling to meet sizeable debt service obligations. As a result, media reports had been speculating on a number of disastrous scenarios, ranging from the imposition of capital controls or the payment of civil servants and various state suppliers with promissory notes to a sovereign default, either within or outside the Economic and Monetary Union. This paper refrains from analyzing the legal and technical complications involved in the materialization of any of the aforementioned scenarios. Instead, it leans on purely economic and political economy considerations to argue that calls for exit are ill advised, potentially involving immense risks not only for Greece, but also for the EMU project as a whole. The authors take a close look at Greece's past history of drachma devaluations and their outcome, the current high sovereign indebtedness, and the country's persisting competitiveness gap vis-a-vis its main trading partners as well as the effects of financial contagion during the ongoing European Sovereign Debt Crisis. The authors explain why a GRexit would be a hugely suboptimal (and, in fact, a highly dangerous) strategy to address these problems.

Prudent debt targets and fiscal frameworks (2015)

Fall Falilou - Oecd – France; Bloch Debra - Oecd – France; Fournier Jean-Marc - Oecd – France; Hoeller Peter - Oecd – France

Abstract: The sharp rise in debt experienced by most OECD countries raises questions about debt indicators and the prudent government debt level countries should target. It also raises questions about the fiscal frameworks needed to reach the prudent debt level and to accommodate cyclical fluctuations along the convergence path towards a prudent debt target. The objective of this paper is to define long-run prudent debt targets for OECD countries and country-specific fiscal rules. The paper presents a comprehensive analysis of government liabilities and assets and formulates recommendations for debt indicators. It also reviews the different linkages between government debt and the economic activity. The lessons from these analyses are combined with an assessment of the uncertainties surrounding the development of macroeconomic variables to define a prudent debt target. Different fiscal rules are

compared with regard their impact on fiscal discipline and the risk of recession for country-specific fiscal rules recommendations.

[The 2015 Stability and Convergence Programmes: an overview](#) (2015)

European Commission - European Commission

Abstract: This note provides an overview of the 2015 vintage of Stability and Convergence Programmes (SCPs) submitted by the Member States (1). The note aims at offering a cross-country aggregated view of fiscal policy plans in the Union and the euro area as a whole (2). In its conclusions of 19-20 March 2015, the Council indicated that fiscal consolidation has to be pursued and should be differentiated, growth-friendly, in line with the priorities set out in the Annual Growth Survey and based on an appropriate mix of expenditure and revenue measures at the level of the Member States. Together with the SGP requirements – as specified in the 2015 country specific recommendations, especially for 2016 – these principles represent the basis for the assessments of the SCPs. In the context of the European Semester, the Council recommendations are expected to feed into the national budgets for 2016. For these reasons, plans for 2016 are given primary attention in the present note. [...]

Public Debt in Macroeconomic Analysis

Economic Growth and Debt: A Simplified Model (2015)

Krouglov Alexei – Indipendent

Abstract: Presented is a mathematical model of single-product economy where an investment and debt are used to alter the demand for and supply of product. Explored is the dynamics of a nominal economic growth and decline. Examined are cases of a constant-rate growing debt and a constant-rate and constant-acceleration growing investment.

Is There a Debt-Threshold Effect on Output Growth? (2015)

Chudik Alexander - Federal Reserve Banks; Mohaddes Kamiar - University of Cambridge; Pesaran M. Hashem - University of Southern California; Raissi Mehdi - International Monetary Fund

Abstract: This paper studies the long-run impact of public debt expansion on economic growth and investigates whether the debt-growth relation varies with the level of indebtedness. Our contribution is both theoretical and empirical. On the theoretical side, the authors develop tests for threshold effects in the context of dynamic heterogeneous panel data models with cross-sectionally dependent errors and illustrate, by means of Monte Carlo experiments, that they perform well in small samples. On the empirical side, using data on a sample of 40 countries (grouped into advanced and developing) over the 1965-2010 period, the authors find no evidence for a universally applicable threshold effect in the relationship between public debt and economic growth, once the authors account for the impact of global factors and their spillover effects. Regardless of the threshold, however, the authors find significant negative long-run effects of public debt build-up on output growth. Provided that public debt is on a downward trajectory, a country with a high level of debt can grow just as fast as its peers.

Sovereign Debt Ponzi-Schemes and Credit Risk in the EMU (2015)

Colozza Tommaso - University of Pisa; Marmi Stefano - Scuola Normale Superiore, Pisa; Nassigh Aldo - UniCredit Group

Abstract: The interconnections between financial markets and macroeconomic stability of sovereigns is currently under the spot light. In fact, all members of the European Monetary Union (EMU) experienced in the past years some degree of economic distress caused by chain-reaction mechanisms; however, reactions to financial shocks differ greatly among them. The credit risk score attributed to a country by rating agencies express indeed also the resiliency to financial disturbances. The first goal of this work is to build a quantitative credit risk score that combines macroeconomic and financial variables, which can also help in explaining the country-specific reactions. The authors select as macroeconomic variables the primary fiscal deficit and the ratio public debt/GDP, that are also subject to limitations after the Maastricht Treaty (1992). The authors add market yields of government bonds, that provide a timely insight into financial markets' expectations. Their trend is moreover at the origin of chain-reaction mechanisms: e.g. Greece's default (debt restructuring) became unavoidable since the country debt was excluded from secondary market.[...]

Spillovers and euroscepticism (2015)

Ioannou Demosthenes - European Central Bank ; Jamet Jean-François - European Central Bank ; Kleibl Johannes - European Central Bank

Abstract: During the crisis, support for the EU has declined noticeably in many European Union member states. While previous research on European public opinion has mainly focused on the impact of domestic country- and individual-level factors on public attitudes towards the EU, this paper argues that developments in other EU member states can also have a significant impact on domestic euroscepticism. Specifically, deteriorating economic and fiscal conditions in other member states can lead to concerns in domestic publics about possible negative

spillovers on the domestic economy and the ability of the EU to deliver positive economic outcomes. This in turn may lead to rising euroscepticism at the domestic level. The analysis of a panel data set for the EU as a whole and the euro area countries lends support to these arguments by showing that higher unemployment rates and government debt levels in other European countries are systematically related to lower levels of trust in the EU domestically.

Public Debt and the Threat of Secession (2015)

Molato Rhea - University of the Philippines

Abstract: This paper examines public debt as a strategic instrument in preventing secession. Using a game theoretic model, it shows that debt can be used to preempt a country's separation if the seceding region's potential gain from independence is strictly decreasing in debt. This paper identifies sufficient conditions under which this property holds. First, the indirect effect of debt on the seceding region's potential gain from independence must be negative. Second, the indirect effect of debt must be stronger than its direct effect. When the seceding region's potential gain from independence is decreasing in debt, then it can be prevented from leaving the union by setting higher levels of debt until it reaches a certain threshold level. This paper also finds that the majority region may use debt as a strategic instrument to preserve the union if it is better off in a country with debt than as a separate state with savings.

What Really Drives Public Debt: A Holistic Approach (2015)

Anaya Pablo - DIW, Berlin; Pienkowski Alex - International Monetary Fund

Abstract: This paper presents a novel approach to detail the propagation of shocks to public debt. The modeling technique involves a structural vector auto-regression (SVAR) estimator with an endogenous debt accumulation equation. It explores how the main drivers of sovereign debt dynamics—the primary balance, the interest rate, growth and inflation—interact with each other. Such analysis is particularly useful for debt sustainability analysis. The authors find that some interactions exacerbate the impact of shocks to the accumulation of debt, while others act to stabilize debt dynamics. Furthermore, the choice of monetary policy regime plays an important role in these debt dynamics – countries with constrained monetary policy are more at risk from changes in market sentiment and must rely much more on fiscal policy to constrain debt.

Historical Evolution of Public Debt Management

War and Inflation in the United States from the Revolution to the First Iraq War (2015)

Rockoff Hugh - Rutgers University

Abstract: The institutional arrangements governing the creation of money in the United States have changed dramatically since the Revolution. Yet beneath the surface the story of wartime money creation has remained much the same. During wars against minor powers, the government was able to fund the war by borrowing and levying taxes. In major wars, however, there came a point when further increases in taxes could not be undertaken for administrative or political reasons, and further increases in borrowing could not be undertaken except at higher interest rates; rates that exceeded what was considered fair based on prewar norms. At those moments governments turned to the printing press. The result was substantial inflation.

Articles in reviews/in books

Secondary Market

The Impact of Textual Sentiment on Sovereign Bond Yield Spreads: Evidence from the Eurozone Crisis (2015)

Liu Sha - University of Southampton, UK

Abstract: This study examines the relation between textual sentiment (media pessimism), the concentration/volume of news, and sovereign bond yield spreads, specifically in Greece, Ireland, Italy, Portugal and Spain during the European sovereign debt crisis from 2009 to 2012. The findings suggest that higher media pessimism and greater concentration/volume of news collectively communicate additional value-relevant information that has not been quantified by traditional determinants of yield spreads. If higher media pessimism is coupled with greater concentration/volume of news and other factors remain unchanged, yield spreads would move upwards, causing prices to fall. Media pessimism and the number of news stories respectively and collectively help predict the widening of yield spreads. Higher media pessimism level is strongly associated with more news stories being reported, suggesting that "no news is good news."

Issuing in Foreign Currency

[Does Economic Transition Have an End?](#) (2015)

Jovanovic Miroslav N. - United Nations - Economic Commission for Europe; Damnjanovic Jelena - Novi Sad Business School

Abstract: Economic transition is a process of change from a centrally planned economic system to a market-based economy. The process started with the fall of the Berlin Wall in 1989. There were no theoretical foundations and experiences for the process of economic transition. The neoliberal Washington Consensus suggestions of fast liberalisation and privatisation were often employed in the transition region, but failed to bring the expected fruits. Countries became rather leery about further reforms since 2005. The membership of the European Union brought certain positive changes and improvements in the economies of countries in Central and Eastern Europe. This has, however, happened at the cost: foreign debt went through the roof. The danger is that foreign debt may choke growth in the future, especially when rates of interest increase. The end of economic transition is not yet in sight.

Web Resources

Core Topics in Debt Management

Sovereign Debt Management Forum - Summary Notes

The World Bank Treasury

The summary notes from the World Bank's 2014 Sovereign Debt Management Forum are now available on the Treasury website. For each session you may find a video recording, presentations delivered, and a background note below.

Multilateral Debt

Cyprus: Fifth, Sixth, and Seventh Reviews Under the Extended Arrangement Under the Extended Fund Facility [...] - IMF Country Report No. 15/155

International Monetary Fund

Economic developments have been encouraging. The recession in 2014 was milder than expected and GDP growth was positive in the first quarter of 2015 for the first time in almost four years. The fiscal outturns have exceeded program projections by a large margin. [...]

Haiti: 2015 Staff Report for the Article IV Consultation and Request for a Three-Year Arrangement Under the Extended Credit Facility - Press Release; Staff Report; and Statement by the Executive Director for Haiti - IMF Country Report No. 15/157

International Monetary Fund

Haiti's recently completed arrangement under the Extended Credit Facility (ECF) helped to maintain macroeconomic stability after the 2010 earthquake. While Haiti has seen four consecutive years of growth, reducing poverty requires higher and sustained growth rates.

Jamaica: Eighth Review Under the Arrangement Under the Extended Fund Facility and Request for Waiver for the Nonobservance of Performance Criterion and Modification of Performance Criteria; Press Release and Staff Report - IMF Country Report No. 15/150

International Monetary Fund

In Jamaica investment and growth prospects are gradually improving. Implementation of the government's reform agenda remains strong. [...]

Mali: Third Review Under the Extended Credit Facility Arrangement, Request for Waiver of Performance Criteria, and Request for Modification of Performance Criteria - Press Release; and Staff Report - IMF Country Report No. 15/151

International Monetary Fund

In spite of the implementation of measures to strengthen public financial management during the last quarter of 2014, the performance criteria (PC) for end-2014 relating to gross tax revenue and bank and market financing of the government were not met owing to administrative weaknesses at the customs administration and a conflict with importers. [...]

Vanuatu: 2015 Article IV Consultation and Request for Disbursement Under the Rapid Credit Facility and Purchase Under the Rapid Financing Instrument [...] - IMF Country Report No. 15/149
International Monetary Fund
Devastating Cyclone Pam hit Vanuatu on March 13, destroying a large share of housing, infrastructure, tourist facilities, crops, and livestock. Estimated damage and losses to the economy exceed 60 percent of GDP.

Pakistan: Seventh Review Under the Extended Arrangement and Modification of Performance Criteria-Press Release; Staff Report; and Statement by the Executive Director for Pakistan - IMF Country Report No. 15/162
International Monetary Fund
In Pakistan the authorities have taken action to improve revenue and remain on track to meet the end-June 2015 fiscal deficit target.[...]

Republic of Serbia: First Review Under the Stand-By Arrangement-Press Release and Staff Report - IMF Country Report No. 15/161
International Monetary Fund
The economy is slowly emerging from the 2014 recession, benefiting from low oil prices and the euro area recovery, which have helped to contain the short-term effects of fiscal consolidation. [...]

Republic of Tanzania: Second Review Under the Policy Support Instrument-Press Release; Staff Report; and Statement by the Executive Director for United Republic of Tanzania - IMF Country Report No. 15/181
International Monetary Fund
Tanzania’s macroeconomic performance remains strong. The authorities intend to maintain a prudent fiscal policy in 2015/16. Expenditure measures were taken to adhere to the 2014/15 target for the overall deficit and the authorities are committed to a deficit (excluding arrears clearance) of 3.5 percent of GDP next year, consistent with a medium-term fiscal anchor of a deficit slightly below 3 percent of GDP.[...]

Uganda: Staff Report for the 2015 Article IV Consultation and the Fourth Review Under the Policy Support Instrument-Press Release; Staff Report; and Statement by the Executive Director for Uganda - Country Report No. 15/175
International Monetary Fund
In Uganda, economic performance since the 2013 Article IV Consultation has been positive. In response to fiscal stimuli and credit recovery, growth is picking up from the low levels that followed the credit-boom-and-bust-cycle. [...]

Legal Issues and Conventions

The OMT programme announced by the ECB in September 2012 is compatible with EU law
Court of Justice of the European Union
This programme for the purchase of government bonds on secondary markets does not exceed the powers of the ECB in relation to monetary policy and does not contravene the prohibition of monetary financing of Member States. [...]

Saving the single currency? Gauweiler and the legality of the OMT programme
eulawanalysis.blogspot.it
On the 16th of June the Court of Justice delivered its decision in the Gauweiler case, concerning the legality of the Outright Monetary Transactions (OMT) programme of the European Central Bank (ECB). The Court considered the programme compatible with EU law. The decision has important implications for the powers of the ECB, the constitutional framework of the EU’s Economic and Monetary Union, and for the relationship between the Court of Justice of the EU and the referring court, the German Federal Constitutional Court. This was the first time that the German court asked for a preliminary ruling, and it remains to be seen whether the reply given by the Court of Justice will be to the national court’s liking.

The ICMA Quarterly Report Third Quarter 2015 - Issue N° 38
Icma

This Quarterly Report is produced by the Market Practice and Regulatory Policy team at ICMA. It outlines developments in the main areas in which the Association is currently engaged namely: response to the financial crisis, sovereign bond markets, short-term markets, primary markets, secondary markets, asset management and market infrastructure.

Accounting, Transparency and Accountability

Supplements to the Statistical Bulletin Monetary and Financial Indicators - The Financial Market No. 37 – 2015
Bank of Italy
This series of the Supplements to the Statistical Bulletin, contains detailed information on local Monetary and Financial Indicators. [...]

Supplements to the Statistical Bulletin Monetary and Financial Indicators - The Public Finances, borrowing requirement and debt No. 38 - 2015
Bank of Italy
This series of the Supplements to the Statistical Bulletin,contains detailed information on local government debt. [...]

DMFAS Mission Calendar - July /August 2015
Unctad.org
The updated list of missions by UNCTAD's Debt Management Financial Analysis System (DMFAS) Programme over the period July /August 2015.

Public Finance Statistics in the European Union, No. 30 - 2015
Bank of Italy
This twice-yearly publication contains annual statistics on general government net borrowing, debt and main profit and loss account items of the EU countries and remaining G7 countries (United States, Japan and Canada). The time series are available in the Statistical Database section of the Bank’s website.

DMOs Programmes and Reports

Debt Management Office Newsletter - June 2015
Cyprus Ministry of Finance
The 9th edition of the Public Debt Management newsletter (June 2015) has been published. It contains updates on the Cypriot macroeconomic and financial indicators.

Monthly Debt Report - May 2015
Brazilian National Treasury Secretariat
The Brazilian National Treasury released the Federal Public Debt Monthly Report – May 2015. The main points announced: 1) Primary Market Transactions - Federal Public Debt (FPD) issuances reached R$ 86.09 billion, while redemptions corresponded to R$ 72.98 billion, resulting in net issuances of R$ 13.11 billion (R$ 13.55 billion refers to net issuances of Domestic Federal Public Debt and R$ 0.44 billion refers to net redemptions of External Federal Public Debt). 2) Outstanding, profile and maturity structure - The results reached in that month, regarding the limits outlined in the Annual Borrowing Plan 2015 were as follows[...]

Brazilian Primary Balance - May 2015
Brazil National Treasury Secretariat
The National Treasury of Brazil has released a new issue of the monthly report National Treasury Balance. In May 2015, Brazilian Central Government registered a primary deficit of R$ 8.1 billion.

Government Debt - Quarterly Bulletin 2nd Quarter 2015
Italian Treasury
This publication collects statistical data on the Italian Government Debt Market.

Monthly Newsletter of the Ministry of Finance, Japan - July 2015
Japanese Mof
On June 12, 2015, the MOF held the Meeting of JGB Market (61st Round). The point of the meeting are as follows: 1)Amount of issuance of inflation-index bonds; 2)Auctions for Enhanced-Liquidity in Jul-Sep.2015

quarter; 3)Auctions for Buy-backs in Jul-Sep.2015 quarter; 4)Latest JGB market situation and its future outlook.

Coordination with other policies and operations

France: 2015 Article IV Consultation - Press Release; Staff Report; and Statement by the Executive Director for France - IMF Country Report No. 15/178
International Monetary Fund
After several years of near-stagnation, France's economy is recovering.The fiscal strategy has rightly shifted to expenditure-based consolidation, but nominal spending containment has not yielded the intended savings in a low growth and inflation environment. [...]

Iceland: Sixth Post-Program Monitoring Discussions-Staff Report; Press Release; and Statement by the Executive Director for Iceland - IMF Country Report No. 15/160
International Monetary Fund
In Iceland fiscal policy should be adjusted to reduce demand pressures, while staying on track to achieve debt reduction objectives. [...]

Ireland: Third Post-Program Monitoring Discussions-Press Release; and Staff Report - IMF Country Report No. 15/154
International Monetary Fund
Ireland's economic recovery is expected to remain strong. The deficit is likely to come in well below budget again in 2015. This welcome progress should be locked by avoiding any repeat of past spending overruns. The deficit reduction projected for 2016 is too modest considering Ireland's high public debt and strong growth, making it critical that revenue outperformance— which appears likely—be saved as the authorities intend. [...]

Italy: 2015 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Italy - IMF Country Report No. 15/166
International Monetary Fund
Italy's performance since the crisis, has been among the weakest in the euro area. Real activity and investment are still far from their precrisis levels; unemployment is high; and public debt, at 130 percent of GDP, is a source of risk. [...]

Republic of Croatia: 2015 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for the Republic of Croatia - IMF Country Report No. 15/163
International Monetary Fund
In the face of high fiscal deficits and public debt, policy has started to move in the right direction under the auspices of the European Commission's Excessive Deficit Procedure.[...]

United States: 2015 Article IV Consultation-Press Release; Staff Report - IMF Country Report No. 15/168
International Monetary Fund
The 2015 U.S. Article IV consultation centered on the prospects for higher policy rates and the outlook for, and policy response to, financial stability risks, integrating the findings of the Financial Sector Assessment Program (FSAP). [...]

Zambia: 2015 IV Article Consultation - Press Release; Staff Report; and Statement by the Executive Director for Zambia - IMF Country Report No. 15/152
International Monetary Fund
Zambia achieved strong growth and macroeconomic stability over most of the last decade. However, in the last two years, the Zambian economy has been facing strong headwinds from large fiscal imbalances, lower copper prices, and policy uncertainties. The current account has deteriorated, international reserves have fallen, and the exchange rate has been under downward pressure.

Fiscal policy and Budget Management

Greece: Preliminary Draft Debt Sustainability Analysis - IMF Country Report No. 15/165
International Monetary Fund
At the last review in May 2014, Greece's public debt was assessed to be getting back on a path toward sustainability, though it remained highly vulnerable to shocks. [...]

[Philippines: Fiscal Transparency Evaluation - IMF Country Report No. 15/156]
International Monetary Fund
Improving fiscal transparency has been a priority in the Philippines over recent years. The government's public financial management reform strategy has helped initiate a wide variety of reforms, which are beginning to bear fruit.[...]

Highlights of the Draft Budget for FY2015
Japanese Mof
The draft budget for FY2015 aims to realize both economic revitalization and fiscal consolidation with the combination of the economic stimulus package. [...]

Best Practices Publications

Debt Management Performance Assessment (DeMPA) Methodology 2015
The World Bank
The objective of the 2015 update of DeMPA methodology is to revise the evaluation criteria in line with the changing global environment, enhanced international practices for government debt management and requirements of the client countries, as well as to take into account lessons learned during the 5 years of DMF implementation.

Assessing Debt Management Performance - Why It Is Important
The World Bank
The analysis and management of a country's debt portfolio are critical not only for maintaining macroeconomic stability. They also mobilize long-term resources for the country's development and help create the building blocks for a domestic money market.

Public Debt in Macroeconomic Analysis

Economic Bulletin - Issue 4 / 2015
European Central Bank
The Economic Bulletin provides a comprehensive analysis of economic and monetary developments and interim updates on key indicators. Each issue includes other articles focusing on broader topics, as well as a statistical section. [...]

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* (19.363 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

10 July 2015 - Rio de Janeiro, Brazil
Workshop on Assessing International Capital Flows After the Crisis

23 July 2015 - Buenos Aires, Argentina
V Meeting on Financial Stability

03 August 2015 - Asuncion, Paraguay
The Changing Pattern of Financial Intermediation: Implications for Monetary Policy and Financial Stability

24 August 2015 - México D. F., México
Curso - Taller Avanzado de Instrumentos Derivados y Productos Estructurados

08 September 2015 - Christ's College, Cambridge, United Kingdom
Financial Regulation and Supervision: Design and Implementation

08 September 2015 - Christ's College, Cambridge, United Kingdom
Government Debt Management: New Trends and Challenges

22 September 2015 - International Capital Market Association (ICMA) Limited - 23 College Hill - London
ICMA Workshop: Bond syndication practices for compliance professionals and other non-bankers

27 October 2015 - Danske Bank Markets, Kuppelsalen, Laksegade 10 - DK - 1063 Copenhagen k
ICMA Conference: The impact of MiFID II and related regulations on the Nordic secondary bonds and derivatives market

09 November 2015 - Dubai, UAE
Macroeconomic Analysis and Forecasting in MENA Economies

23 November 2015 - Geneva, Switzerland
10th UNCTAD International Debt Management Conference

01 March 2016 - London ,UK
Central Banking Awards 2016

Previously signaled

31 August 2015 - United Arab Emirates
Programme & Performance Budgeting

21 September 2015 - United Kingdom
Budget Execution through Strategic Financial Management

01 October 2015 - Bank for International Settlements, Basel, Switzerland
Global Financial Interconnectedness [Call for Papers]

01 October 2015 - Bank for International Settlements, Basel, Switzerland
Conference on "Global Financial Interconnectedness" [Call for Papers]

18 November 2015 - London UK
4th Annual EBA Research Workshop: Financial regulation and the real economy: a micro-prudential perspective [Call for Papers]

Communication Corner

At the link below, Partners can find details on the *Philippines* 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 23rd July 2015, the number of total resources of the PDM Network website is 25.858 (of which 19.363 news, 2.912 papers and articles in reviews and books, and 2.461 webresources). Registered Members are 807, coming from 117 countries. 439 Partners belong to sovereign debt management institutions of emerging and advanced countries. This newsletter is sent to 590 Partners.

Special thanks

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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).