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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

Secondary Market

Volatility Spillovers in EMU Sovereigns Bond Markets (2015)

Fernández Rodríguez Fernando - University of Las Palmas de Gran Canaria; Gómez-Puig Marta - University of Barcelona; Rivero Simón Sosvilla - Complutense University of Madrid

Abstract: In this paper the authors analyze volatility spillovers in EMU sovereign bond markets. First, the authors examine the unconditional patterns during the full sample (April 1999-January 2014) using a measure recently proposed by Diebold and Yılmaz (2012). Second, the authors make use of a dynamic analysis to evaluate net directional volatility spillovers for each of the eleven countries under study, and to determine whether core and peripheral markets present differences. Finally, the authors apply a panel analysis to empirically investigate the determinants of net directional spillovers of this kind.

Legal Issues and Conventions

A Seniority Arrangement for Sovereign Debt (2015)

Chatterjee Satyajit - Federal Reserve Bank of Philadelphia; Eyigungor Burcu - Federal Reserve Bank of Philadelphia

Abstract: A sovereign's inability to commit to a course of action regarding future borrowing and default behavior makes long-term debt costly (the problem of debt dilution). One mechanism to mitigate the debt dilution problem is the inclusion of a seniority clause in sovereign debt contracts. In the event of default, creditors are to be paid off in the order in which they lent (the "absolute priority" or "first-in-time" rule). In this paper, the authors propose a modification of the absolute priority rule that is more suited to the sovereign debt context and analyze its positive and normative implications within a quantitatively realistic model of sovereign debt and default.

The Challenge of Sovereign Insolvency - Critique and Commentary on Towards a Reorganisation System for Sovereign Debt, by Holger Schier (2015)

Odiadi Anthony N. - Georgetown University

Abstract: A Reorganization of the system of sovereign insolvency holds the potential of putting some order and ensuring greater efficiency in the management of Sovereign Debt. The practice and procedure of sovereign debt management is largely still unregulated and so unpredictable as debtor default and creditor response depends on the impulses of the parties as the Argentine cases has shown. Dr Holger Schier offers much that puts some clarity in the book on several aspects of the law of sovereign insolvency. The Greek debt crisis has brought the situation home to the Eurozone but the experience of managing the Sub-Saharan debt will prove instructive all the same.

What drives the demand of monetary financial institutions for domestic government bonds? : empirical evidence on the impact of Basel II and Basel III (2015)

Lang Michael - Frankfurt School of Finance & Management; Schröder Michael - Frankfurt School of Finance & Management

Abstract: This paper examines the treatment of sovereign debt exposure within the Basel framework and measures the impact of bank regulation on the demand of Monetary Financial Institutions (MFI) for marketable sovereign debt. Our results suggest that bank regulation has a significant positive impact on MFI demand for domestic government securities. The results are representative for the MFI in the euro zone. They remain highly robust and significant after controlling for other influential factors and potential endogeneity.

Active Debt Management

Why did bank lending rates diverge from policy rates after the financial crisis? (2015)

Illes Anamaria – BIS; Lombardi Marco – BIS; Mizen Paul – BIS

Abstract: The global finance crisis prompted central banks in many countries to cut short-term policy rates to near zero levels. Yet, lending rates did not fall as much as the decline in policy rates would have suggested. The authors argue that comparing lending rates to policy rates is misleading: banks do not obtain all their funds at policy rates, and after the crisis, costs of funding rose substantially. Comparing lending rates with a weighted average cost of funds suggests that banks did not substantially change their rate setting behaviour after the financial crisis: interest rate pass-through relationships across eleven countries in Europe appear to have remained stable.

Risk Management Models

Risk Aversion and Financial Crisis (2014)

Guiso Luigi - Einaudi Institute for Economics and Finance

Abstract: Economic models assuming that individuals' risk preferences are invariant over time are unable to account for the large fluctuations observed in the prices of risky assets, in particular in the wake of a financial crisis. For this reason, the hypothesis that attitudes towards risks are constant has been abandoned by economists. In "Risk Aversion and Financial Crisis" Luigi Guiso summarizes the state of the art of recent literature trying to explain why willingness to bear risk may vary over time, both at aggregate and individual level, focusing on the approaches studying the variation of single investors' risk aversion. A first approach has found a correlation between the level of risk tolerance and age (adults are usually more risk averse than young) and showed that the latter may explain trends in aggregate risk aversion if the age-distribution of the population changes, but per se cannot explain fluctuations in risk attitudes over the business cycles. A second approach has investigated the relationship between emotions (such as mood, fear and anger) and the degree of risk tolerance and has shown that changes in emotions, induced by catastrophic events (traumas), either economic or non-economic, can lead to a significant decrease in the willingness to bear risk. As long as a financial crisis represents a traumatic experience for many, it can induce large upward swings in risk aversion and, most importantly, this effect can last long, thus explaining why recoveries after a financial crisis are so slow. Finally, by using direct measures of risk aversion elicited in surveys

or even in experiments, recent empirical research documents a dramatic increase of individuals' risk aversion after the 2008 financial crisis, which can be ascribed to both economic and psychological factors. from the Eurozone

Systemic Risk and the Macroeconomy: An Empirical Evaluation (2015)

Giglio Stefano - University of Chicago; Kelly Bryan T. - University of Chicago; Pruitt Seth - Federal Reserve Board

Abstract: This article evaluates a large collection of systemic risk measures based on their ability to predict macroeconomic downturns. The authors evaluate 19 measures of systemic risk in the US and Europe spanning several decades. The authors propose dimension reduction estimators for constructing systemic risk indexes from the cross section of measures and prove their consistency in a factor model setting. Empirically, systemic risk indexes provide significant predictive information out- of-sample for the lower tail of future macroeconomic shocks.

Institutional Arrangements for Debt Management

Haircut Size, Haircut Type and the Probability of Serial Sovereign Debt Restructurings (2014)

Schröder Christoph Schröder - Centre for European Economic Research (ZEW)

Abstract: This paper complements the empirical literature on sovereign debt restructurings by analyzing potential determinants of (near-term) follow-up restructurings after a restructuring has taken place. The probability of follow-up restructurings is estimated by means of survival models using a unique dataset provided by Cruces and Trebesch (2013). I find that more comprehensive debt remissions decrease the probability of serial restructurings significantly. Moreover, reductions in net present value due to outright face value haircuts reduce the probability of serial restructurings more strongly than equally sized reductions in net present value due to maturity extensions and/or interest rate reductions. One possible explanation may be found in the timing of debt remissions: While a cut in face value provides direct and instant relief, maturity exten-sions and/or lower interest rates only unburden a country slowly over time.

Coordination with other Policies and Operations

Estimating the extent of the too big to fail problem a review of existing approaches (2015)

Siegert Caspar - Bank of England; Willison Matthew - Bank of England

Abstract: How big is the 'too big to fail' (TBTF) problem? Different approaches have been developed to estimate the impact being perceived as TBTF might have on banks' costs of funding. One approach is to look at how the values of banks' equity and debt change in response to events that may have altered expectations that banks are TBTF. Another is to estimate whether debt costs vary across banks according to features that make them more or less likely to be considered TBTF. A third approach is to estimate a model of the expected value of government support to banks in distress. The authors review these different approaches, discussing their pros and cons. Policy measures are being implemented to end the TBTF problem. Approaches to estimating the extent of the problem could play a useful role in the future in evaluating the success of those policies. With that in mind, the authors conclude by outlining in what ways the authors think approaches need to develop and suggest ideas for future research.

Tracking banks' systemic importance before and after the crisis (2015)

Alessandri Piergiorgio - Bank of Italy; Masciantonio Sergio - Bank of Italy; Zaghini Andrea - Bank of Italy

Abstract: In this paper the authors develop a methodology to identify and rank 'systemically important financial institutions' (SIFIs). Our approach is consistent with that followed by the Financial Stability Board but, unlike the latter, it is free of judgment and it is based entirely on publicly available data, thus filling the gap between the official views of the regulator and those that market participants form with their own information set. The authors apply the methodology on three samples of banks (global, EU and euro area) for the years 2007-12.

Asset Bubbles: Re-thinking Policy for the Age of Asset Management (2015)

Jones Brad - International Monetary Fund

Abstract: In distilling a vast literature spanning the rational— irrational divide, this paper offers reflections on why asset bubbles continue to threaten economic stability despite financial markets becoming more informationally-efficient, more complete, and more heavily influenced by sophisticated (i.e. presumably rational) institutional investors. Candidate explanations for bubble persistence—such as limits to learning, frictional limits to arbitrage, and behavioral errors—seem unsatisfactory as they are inconsistent with the aforementioned trends impacting global capital markets. In lieu of the short-term nature of the

asset owner—manager relationship, and the momentum bias inherent in financial benchmarks, I argue that the business risk of asset managers acts as strong motivation for institutional herding and 'rational bubble-riding.' Two key policy implications follow. First, procyclicality could intensify as institutional assets under management continue to grow. Second, remedial policies should extend beyond the standard suite of macroprudential and monetary measures to include time-invariant policies targeted at the cause (not just symptom) of the problem. Prominent among these should be reforms addressing principal-agent contract design and the implementation of financial benchmarks.

Harnessing Resource Wealth for Inclusive Growth in Fragile States (2015)

Deléchat Corinne - International Monetary Fund; Yang Susan - International Monetary Fund; Clark Will - International Monetary Fund; Gupta Pranav - International Monetary Fund; Kabedi-Mbuyi Malangu - International Monetary Fund

Abstract: Like other fragile sub-Saharan African countries, Côte d'Ivoire, Guinea, Liberia, and Sierra Leone are seeking to harness their natural resource potential in the context of ambitious development strategies. This study investigates options for scaling up public investment and expanding social safety nets in a general equilibrium setting. First, it assesses the macro-fiscal implications of alternative fiscal rules for public investment, and, second, it explicitly accounts for redistribution through direct cash transfers. Results show that a sustainable non-resource deficit target is robust to the high uncertainty of resources output and prices, while delivering growth benefits through higher public investment. The scaling-up magnitudes, however, depend on the size of projected resource revenue and absorptive capacity. Adding a social transfer raises private consumption, suggesting that a fraction of the resource revenue could be used to expand safety nets.

Behavioral Economics and Public Policy: A Pragmatic Perspective (2015)

Chetty Raj - Harvard University

Abstract: The debate about behavioral economics – the incorporation of insights from psychology into economics – is often framed as a question about the foundational assumptions of economic models. This paper presents a more pragmatic perspective on behavioral economics that focuses on its value for improving empirical predictions and policy decisions. I discuss three ways in which behavioral economics can contribute to public policy: by offering new policy tools, improving predictions about the effects of existing policies, and generating new welfare implications. I illustrate these contributions using applications to retirement savings, labor supply, and neighborhood choice. Behavioral models provide new tools to change behaviors such as savings rates and new counterfactuals to estimate the effects of policies such as income taxation. Behavioral models also provide new prescriptions for optimal policy that can be characterized in a non-paternalistic manner using methods analogous to those in neoclassical models. Model uncertainty does not justify using the neoclassical model; instead, it can provide a new rationale for using behavioral nudges. I conclude that incorporating behavioral features to the extent they help answer core economic questions may be more productive than viewing behavioral economics as a separate subfield that challenges the assumptions of neoclassical models.

Debt Sustainability and Economic Convergence of Euro Area Member States: Challenges and Solutions (2015)

Mauro Paolo - Peterson Institute of International Economics

Abstract: The Eurozone is at risk of economic stagnation and the crisis has led to the most pervasive and pronounced increase in government debt-to-GDP ratios since the Second World War. Member countries are facing vastly differing economic growth rates, with some displaying hardly any recovery since the crisis began. This note puts forward proposals aimed at fostering economic convergence while ensuring debt sustainability for the member states.

Policy Making Review Kosovo - 2015

Kasemets Keit – Oecd

Abstract: Kosovo is facing crucial challenges in developing a competitive economy, providing a decent level of public service and moving closer to the EU. Developing national policies to meet these objectives will require a functional policy co-ordination, planning and development system. This review is the second in a series of SIGMA policy making reviews, looking into the required legal framework, the policy making arrangements and the capacities of Kosovo. Covering the Government, including the centre of the government and ministries, and also the Assembly, the review provides an in-depth analysis of the key aspects of Kosovo's public governance capacities in policy making and co-ordination. Kosovo has made remarkable progress in the last decade, however many challenges still remain. The review also includes proposals to further enhance the policy making system.

Monetary Policy

Signaling Effects of Monetary Policy (2014)

Melosiy Leonardo - Federal Reserve Bank of Chicago

Abstract: In this paper the authors develop a DSGE model in which the policy rate signals to price setters the central bank's view about macroeconomic developments. The model is estimated with likelihood methods on a U.S. data set that includes the Survey of Professional Forecasters as a measure of price setters' inflation expectations. The estimated model with signaling effects delivers large and persistent real effects of monetary disturbances, even though the average duration of price contracts is fairly short. While the signaling effects do not substantially alter the transmission of technology shocks, they bring about deflationary pressures in the aftermath of positive demand shocks. In the 1970s, the Federal Reserve's disinflation policy, which was characterized by gradual increases in the policy rate, was counterproductive because it ended up signaling inflationary shocks.

Government Bonds Ammunitions for the ECB Quantitative Easing (2015)

Cherubini Umberto - University of Bologna; Violi Roberto - Bank of Italy

Abstract: The aim of this paper is to investigate a range of financial techniques and policy strategies for a Quantitative Easing (QE) program by the European Central Bank (ECB) that would rely on Euro area government bonds purchases under various modalities and guises. In particular, the authors provide an empirical study of different possible QE arrangements, with a special focus on a proposal of a securitization structure that could clear the different sovereign bonds from credit risk and heterogenerity. The securitization framework proposal is compared with a program of Euro-area public debt direct purchases under two alternative scenarios of: i) pari-passu creditor status of the ECB with respect to private investors; ii) preferred creditor status of the ECB. The authors consider three cases of "un-managed" (fixed composition) direct purchases according to which member states bonds are purchased in proportion to: i) the "capital key" representing equity holdings of ECB's shares; ii) a "liquidity-key" representing the relative amount of sovereign bonds outstanding; iii) an equally-weighted portfolio of sovereign bonds. The authors evaluate the impact of various SPV characteristics - such as bond tranche attachment choice - as well as various financial market scenarios. For these choices the authors provide a risk management analytical framework based on Monte Carlo simulations. This allows us to compute the probability distribution of credit losses under various credit spreads and default correlation scenarios as well as to design appropriate stress testing procedures to gauge the robustness of our proposed GBB QE solutions. In this version of the paper our modelling strategy relies on the Gaussian copula assumption in default risk correlation. [...]

International Coordination of Central Bank Policy (2015)

Engel Charles - University of Wisconsin

Abstract: This paper surveys the current state of the literature on international monetary policy coordination. It relates recent policy discussions to the lessons from the literature. It proposes several avenues for future research.

Fiscal Policy and Budget Management

Fiscal Devaluation Scenarios: a Quantitative Assessment for the Italian Economy (2014)

Annicchiarico Barbara - University of Roma "Tor Vergata", Italy; Di Dio Fabio - Sogei, Italy; Felici Francesco - Ministry of Economy and Finance, Italy

Abstract: In this paper the authors study the potential impact of fiscal devaluation policies on the Italian economy using IGEM, a dynamic general equilibrium model for the Italian economy developed at the Department of Treasury of the Italian Ministry of the Economy and Finance. The simulations show that fiscal devaluation policies are likely to produce slight improvements on the external position of the economy only in the short run, while the output gains seem to persist in the long run. Non-negligible distributional effects across households are also observed, since taxation on consumption tends to be regressive.

Sovereign Credit Spreads: A Bailout Model with PSI (2015)

Baglioni Angelo S. - Catholic University of the Sacred Heart of Milan; Cherubini Umberto - University of Bologna

Abstract: In this paper the authors provide a model able to compute a threshold level for the public debt/GDP ratio, such that a country can be rescued by an official lender (e.g. ESM or IMF). The critical level is defined as the maximum level of debt/GDP, such that it is still possible to put the debt/GDP ratio on a sustainable path, i.e. it is highly likely to reach a comfort level within an agreed deadline, provided the government is funded at the risk free rate by the official lender. Beyond such a threshold, private lenders are going to bear the losses implied by a Private Sector Involvement (PSI). The fundamental information, needed to compute the threshold, concerns: i) the expected path of the primary surplus/deficit; ii) the initial level of debt/GDP ratio, and iii) the expected GDP growth. In addition, the authors take into account the excess interest cost paid by the government over the risk free rate. By computing the loss that can be incurred in case of PSI, the model is able to provide the government credit spreads consistent with the fundamental

information, providing a benchmark with which to compare the credit spreads observed in the market.

The Distributional Impact of Fiscal Policy in South Africa (2015)

Inchauste Gabriela - The World Bank; Lustig Nora - Tulane University; Maboshe Mashekwa - University of Cape Town; Purfield Catriona - The World Bank; Woolard Ingrid - University of Cape Town

Abstract: This paper uses the 2010/11 Income and Expenditure Survey for South Africa to analyze the progressivity of the main tax and social spending programs and quantify their impact on poverty and inequality.

The discretionary fiscal effort: an assessment of fiscal policy and its output effect (2015)

Carnot Nicolas - European Commission; de Castro Francisco - European Commission

Abstract: This paper presents an indicator of the fiscal stance that combines features of the bottom-up, narrative approach on the revenue side with a refined version of the top-down, traditional approach of the structural balance on the expenditure side. With these characteristics the indicator offers an image of fiscal policy that avoids both the 'endogeneity problems' of the structural balance and the 'indeterminacy' of the narrative approach. This indicator is used to shed light on EU fiscal policies and estimate the average short-term output effects of fiscal policy. Results suggest that, with exceptions, fiscal policy has been conducted in a more stop and go and pro-cyclical fashion over the past decade than suggested by traditional indicators. The average fiscal multiplier is estimated at a bit below unity on average, with higher (resp. lower) multipliers associated with expenditure (resp. revenue) shocks, and higher (resp. lower) multipliers in times of declining (resp. increasing) output gaps.

How Delaying Fiscal Consolidation Affects the Present Value of GDP (2015)

Fletcher Kevin - International Monetary Fund; Sandri Damiano - International Monetary Fund

Abstract: In this paper the authors develop a simple model to examine the conditions under which delaying fiscal consolidation can affect the present value of GDP via the fiscal stance's effects on the output gap and hysteresis. The authors find that the absolute size of the fiscal multiplier—the focus of much empirical investigation and policy debate—is likely inconsequential in this regard. Rather, what matters is the degree to which the multiplier during the initial period of fiscal stimulus differs from the multiplier when the stimulus is withdrawn. If the multiplier is constant over time, delaying consolidation is unlikely to significantly boost the present value of GDP via effects on the output gap and hysteresis. The potential success of such efforts relies instead on exploiting time-variation in multipliers.

Subnational Bond Markets

Understanding the Risk of China's Local Government Debts and its Linkage with Property Markets (2015)

Ambrose Brent W. - Pennsylvania State University
Deng Yongheng - National University of Singapore
Wu Jing - Tsinghua University

Abstract: Unlike local governments in western countries, local Chinese governments are prevented from directly issuing debt to fund mandated capital projects. As a result of recent fiscal stresses and restrictions placed on local governments, China has developed a unique funding source, known as Local Government-Backed Investment Units (LGBIUs), that allow local governments to obtain capital necessary to fund large-scale infrastructure investments. However, unlike traditional municipal debt in western countries, the Chinese investment units are not able to use tax revenues to fund coupon or principal payments. Thus, local governments tap into the growing housing market by selling public land to fund the investment units coupon and principal payments. As a result of this unique mixing of local governmental fiscal policies with local housing markets, a substantial drop in housing or land prices may increase the risk level of local government debt, or even trigger a systematic default. The authors present an analysis of the risk associated with these bonds and demonstrate that local housing price risk is priced in the bond yield spreads.

Public Debt in Macroeconomic Analysis

Financial shocks and the real economy in a nonlinear world: a survey of the theoretical and empirical literature (2015)

Silvestrini Andrea - Bank of Italy; Zaghini Andrea - Bank of Italy

Abstract: In this paper the authors present an overview of theoretical and empirical contributions exploring the inter-linkages between financial factors and real economic activity. The authors first revisit the main theoretical approaches that allow financial frictions to be embedded into general equilibrium models, and then the authors survey, from an empirical perspective, the most recent papers focusing on macro-financial linkages, with a particular emphasis on works dealing with parameter time variation and other types of nonlinearities. The authors conclude by discussing some policy implications and suggesting directions for future research.

[Debt and Financial Market Contagion](#) (2015)

Hsiao Cody Yu-Ling - University of New South Wales
Morley James - University of New South Wales

Abstract: In this paper the authors investigate the role of public, private, and external debt in explaining the propagation of financial shocks during three major financial crises from 2007-2013. For our analysis, the authors construct indices of crisis severity in equity markets based on different tests of contagion and investigate whether the transmission of crises across countries can be related to similar debt conditions. The authors compare the role of debt stocks and flows to traditional channels for contagion based on regional and trade linkages. Our main finding is that, along with regional linkages, public and external debt play a more important role than trade linkages in driving contagion across equity markets.

Growth, Liquidity Provision, International Reserves, and Sovereign Debt Capacity (2014)

Xu Yu - Massachusetts Institute of Technology

Abstract: I establish a theoretical framework to address three distinct, but interrelated puzzles in international economics: (1) the occurrence of twin crises, (2) the existence of large amounts of sovereign debt, and (3) the presence of substantial amounts of international reserves. By considering the interaction between growth and banking in a small open economy that is unable to commit to repaying its external sovereign debt, my dynamic stochastic general equilibrium (DSGE) model uses Global Games techniques to study the endogenous relationship between domestic bank runs, sovereign debt capacity, international reserves, growth, and macroeconomic fundamentals. The main findings are as follows. First, when excluded from international credit markets, liquidity demands rise in a country's domestic banking sector, which raise the probability of bank runs and costs of liquidation of long term projects. This creates incentives for repayment and sovereign debt capacity. Second, twin (domestic) banking and (external) sovereign debt crises endogenously emerge within the model. Third, international reserves have 'war chest' like properties within the model: they help prevent domestic bank runs, during which incentives for a country to strategically default increase, and can therefore create sovereign debt capacity. Finally, my model can quantitatively generate reasonable amounts of sovereign debt and international reserves in equilibrium.

The Sovereign Debt Crisis in Europe: Impacts on Prices, Stability and Growth (2015)

Arcelli Angelo Federico - Johns Hopkins University; Sensenbrenner III Frank - Johns Hopkins University

Abstract: The solution to the sovereign debt crisis and the restoration of confidence in the European project are critical for the long term stability and economic growth of the region, and for the stability of worldwide financial market. Defining debt sustainability is not an easy task. In the past, economic theory has suggested different proposals. European Union member countries decided to opt into a specific level of Public Debt to GDP ratio (60%) by signing the Maastricht Treaty and the Growth and Stability Pact. Public debt sustainability during the core of the financial crisis (2008-2010) became under stress. The heritage of such period is very different in the Eurozone, leaving weaker countries more exposed and Italy, in particular, given its large public debt, with very reduced margin for manoeuvre. What is now happening in Europe seem to be the response of a long path of uncertain developments and the return to a more focused planning on a long term financially stable union. In November 2014 the Single Supervisory mechanism (SSM) will be in place, allowing ECB to take over supervision responsibilities on the bulk of Eurozone banks (around 85% of the total assets as an aggregate). This step, followed by the developing of a Single Resolution Mechanism (SRM) in 2015 will allow Eurozone to have a fully-fledged Central Bank. Will all this be enough to stabilize the Eurozone and revamp the path of European Union in the long term? The answer will come only from future event, but, nevertheless, it is sure that financial stability in a large area as Eurozone will require again a renewed path to convergence for national economies and a globally stable and ordered situation of public accounts. This may imply the need of further significant structural reforms and, possibly, a political agreement on the long term shape of the Union.

Are Islamic Banks More Resilient during Financial Panics? (2015)

Farooq Moazzam - Central Bank of Oman; Zaheer Sajjad - State Bank of Pakistan

Abstract; Rapid growth of Islamic banking in developing countries is accompanied with claims about its relative resilience to financial crises as compared to conventional banking. However, little empirical evidence is available to support such claims. Using data from Pakistan, where Islamic and conventional banks co-exist, the authors compare these banks during a financial panic. Our results show that Islamic bank branches are less prone to deposit withdrawals during financial panics, both unconditionally and after controlling for bank characteristics. The Islamic branches of banks that have both Islamic and conventional operations tend to attract (rather than lose) deposits during panics, which suggests a role for religious branding. The authors also find that Islamic bank branches grant more loans during financial panics and that their lending decisions are less sensitive to changes in deposits. Our findings suggest that greater financial

inclusion of faith-based groups may enhance the stability of the banking system.

[Are Foreign Banks a 'Safe Haven'? Evidence from Past Banking Crises] (2015)

Adler Gustavo - International Monetary Fund; Cerutti Eugenio - International Monetary Fund

Abstract: The presence of foreign banks in emerging markets has increased markedly over the last two decades, raising questions about their potentially stabilizing or destabilizing role during times of financial distress. Most studies on this subject have focused on banks' asset side (i.e., their lending behavior). This paper focuses on their liability side, studying the behavior of depositors vis-à-vis foreign banks. The authors rely on data from the banking crises in Argentina and Uruguay over the period 1994-2002 to conduct the study. The paper focuses on three questions; (i) are foreign banks perceived as a safe haven during bank runs?; (ii) does their legal structure (branch versus subsidiary) matter?; (iii) do perceptions depend on the nature of the crisis? Contrary to the commonly held view that foreign banks play a stabilizing role during domestic banking crises, the authors do not find robust evidence in this regard. Only in one (large) bank run episode, out of five studied, there is evidence of safe haven perceptions towards foreign branches.

Interconnectedness, Systemic Crises and Recessions (2015)

Espinosa-Vega Marco A. - International Monetary Fund; Russell Steven - International Monetary Fund

Abstract: This relatively simple model attempts to capture and integrate four widely held views about financial crises. [1] Interconnectedness among financial institutions (banks) can play a major role in precipitating systemic financial crises. [2] Lack of information about the quality of bank portfolios also plays a role in precipitating systemic crises. [3] Financial crises, particularly systemic ones, are often followed by severe, lengthy recessions. [4] Loss of confidence in the financial system is partly responsible for the length and severity of these recessions. In the model, banks make decisions about initiating and liquidating risky loans. Interconnectedness among their asset portfolios can obscure information about these portfolios, causing them to make inefficient decisions about liquidation, and about retention of the managers who assess credit risk. These decisions can increase the depth of recessions, and they can produce systemic financial crises. They can also reduce the effectiveness of future bank risk assessment, increasing the probability of lengthy, severe recessions. The government, acting in the interest of current and future depositors, may wish to increase the transparency of bank portfolios by limiting interconnectedness. The optimal degree of regulation, which may depend on depositors' degree of risk aversion, may not eliminate financial crises.

The changing patterns of financial integration in Latin America (2015)

Didier Tatiana - The World Bank; Moretti Matias - The World Bank; Schmukler Sergio L. - The World Bank

Abstract: This paper describes how Latin America and the Caribbean has been integrating financially with countries in the North and South since the 2000s. The paper shows that the region is increasingly more connected with the rest of the world, even relative to gross domestic product. The region's connections with South countries have been growing faster than with North countries, especially during the second half of the 2000s. Nevertheless, North countries continue to be the region's principal source and receiver of flows. The changes reflect significant increases in portfolio investments, syndicated loans, and mergers and acquisitions. Growth of greenfield investments has been more subdued after the initial high level. Greenfield investments in the region have been in sectors in which the source country has a comparative advantage, not where the receiver country has an advantage. Mergers and acquisitions have been in sectors in which the receiver country has a comparative advantage.

Macroeconomic and Financial Consequences of the Post-Crisis Government-Driven Credit Expansion in Brazil (2015)

Bonomo Marco – Insper; Brito Ricardo – Insper; Martins Bruno - Central Bank of Brazil

Abstract: Government-driven credit played an important role in countervailing the private credit crunch in Brazil during the recent financial crisis. However, government credit concessions continued to expand after the economy recovered. This paper investigates some important features of this expansion using a huge repository of loan contracts between banks and firms, composing an unbalanced panel of almost 1 million firms between 2004 and 2012. The results show that larger, older and less risky firms have benefited most from the government-sponsored credit expansion. Additionally, although higher access to earmarked credit tends to lead to higher leverage, the effect on investment appears to be insignificant for publicly traded firms. Since interest rates on earmarked loans are lower than market interest rates, firms with higher access to this type of loan tend to lower the cost of debt.

Articles in reviews/in books

Secondary Market

The Dynamycs of the Volume and Structure of Interest on the Public Debt of the Republic of Serbia (2014)

Petkovic Dragana - University of Niš; Djurovic Todorovic Jadranka - University of Niš; Prole Ljiljana - University of Niš

Abstract: This paper analyses the fluctuation of interest on the public debt, as one of the oldest kinds of transfers which is closely related to the indebtedness of the state. The analysis of the expenditure dynamics for interest on public debt covers the period between 2003 and 2013. The goal of this research is to point out the efficiency of the activity of the economic policy within the analyzed period based on the relative changes in the transfer volume and the structure of the interest repayment, as well as to make certain projections for the future. Based on the analysis conducted, it was concluded that the fall of economic activity in 2009 had a significant effect on debt, which caused a drastic increase of the interest repayment transfers in the following years.

Coordination with other policies and operations

The 2012 Greek debt restructuring and its aftermath (2015)

Xafa Miranda - Center for International Governance Innovation (CIGI) and CEO of E.F.

Abstract: The paper tries to draw the lessons of the Greek debt restructuring for the management of future debt crises in the euro area.

Books

Active Debt Management

Portfolio Compression: Techniques to Manage EMIR and Other Regulatory and Trading Risks (2015)

Higgins Diana - Universidad de los Andes, Bogotá, Colombia, and an MBA from Edinburgh University

Summary: Portfolio Compression explains concepts in the risk management framework that are fundamental when approaching compressions. The book covers credit risk concepts, and shows how in OTC and in cleared transactions, trading risks migrate between market, credit, treasury and operations. Portfolio Compression explains how to enter into compressions with other participants, how to analyse a portfolio of transactions to find compression opportunities and how to comply with EMIR.

Managing risks in the European periphery debt crisis : lessons from the trade-off between economics, politics and the financial markets (2015)

Christodoulakis George A. - Manchester Business School

Summary: "The European Periphery Debt Crisis (EPDC) has its roots primarily in the structural characteristics of the individual economies which are trading off with a number of European and international economic, regulatory, political, and financial market factors. The book is motivated by the prolonged crisis and the associated transmission of global shocks and spillover effects. The book offers a full diagnosis of the EPDC, its association with the national and international structural characteristics, and a full analysis from a risk management point of view of the available policy options, both retrospectively and prospectively. Its contributors are senior policymakers, regulators, active policy advisors, bankers, and decision makers in the markets, drawing experience from the peripheral European countries themselves, the European Union and other western economies. The book is a practical reference to all those involved in the decision-making process in banking, financial markets, investments, business, policy making, and regulation. It offers in-depth analysis and information to researchers in international organizations, think tanks and universities, as well as to postgraduate students in Economics and MBA courses. "--

Public Debt in Macroeconomic Analysis

Emerging markets and sovereign risk (2015)

Finch Nigel - The University of Sydney, Australia

Summary: Emerging markets are an increasingly important area of corporate strategy and fast becoming the driver of global growth. Today, emerging markets account for 40% of global GDP and are experiencing growth rates two or three times faster than developed economies. Not surprisingly, investment activity in emerging market jurisdictions has been frenetic with developed-world firms having invested more than $3 trillion, making it one of the biggest corporate investment cycles since the railway boom of the 19th century. Emerging Markets and Sovereign Risk provides case studies, commentary and analysis of investment and financial aspects of emerging market investment from international experts inside Standard & Poor's, Moody's, global investment funds, corporations and academia, and covers keys issues such as credit rating agencies and the rating process, risk assessment and pricing of sovereign debt, challenges related to foreign direct investment in emerging countries, capital flows in frontier, emerging and less-mature economies, structuring debt and equity investments in 'non-investment grade' countries, key value drivers in emerging market asset classes, sovereign wealth funds and emerging market investment, and considerations in the management of sovereign credit ratings"

Web Resources

Post Trading

AFME publishes Post Trade explained: The role of post-trade services in the financial sector
Association for Financial Markets in Europe
In "Post Trade Explained: The role of post-trade services in the financial sector", AFME argues that further reform of post trade1 regulations is necessary to achieve integrated and efficient European capital markets, one of the most important and ambitious projects underway in the EU. The report provides a comprehensive overview of post trade processes, explains why they are critical for creating developed, integrated and efficient capital markets, and outlines the need for further reform.

Issuing in Foreign Currency

Issuing sovereign Debt in international capital markets: selecting lead managers, understanding pricing considerations, and other key issues
The World Bank
At this webinar Andrea Dore of the World Bank Treasury, will reflect on the World Bank's experience in issuing bonds in international capital markets, followed by Stefan Nanu of the Romanian Ministry of Public Finance and Yasmine Abdel Razek of the Egyptian Ministry of Finance who will present the country cases of Romania and Egypt in issuing in international capital markets.

ICMA Workshop: Bond syndication practices for compliance professionals and other non-bankers
Icma
This workshop aims to give compliance professionals an in-depth and thorough understanding of the current practices that are involved in launching a deal in the international debt capital market. The course explains precisely how the deal is done, starting with first steps in the pre-launch process - looking at the pitch book, the mandate, the roadshow and the prospectus - through syndication, including book building and allocation, up to and including the final public launch of the issue.[...]

Multilateral Debt

Albania: Second and Third Reviews under the Extended Arrangement and Request for Waiver for the Nonobservance of Performance Criterion, [...] - IMF Country Report No. 15/48
International Monetary Fund
On February 28, 2014, the Executive Board approved a three-year Extended Arrangement with access equivalent to SDR 295.42 million (492.4 percent of quota). [...]

Liberia: Request for Disbursement under the Rapid Credit Facility and Debt Relief under the Catastrophe Containment and Relief Trust-Staff Report; Press Release; and Statement by the Executive Director for Liberia - IMF Country Report No. 15/49
International Monetary Fund

In spite of a declining trend in new cases over recent weeks, the Ebola outbreak continues to cripple the Liberian economy. Economic activity has declined significantly, and fiscal and external financing needs are more pronounced than envisaged at the time of the Extended Credit Facility (ECF) augmentation. [...]

Republic of Serbia: 2014 Article IV Consultation and Request for Stand-By Arrangement-Staff Report; Press Release; and Statement by the Executive Director for the Republic of Serbia - IMF Country Report No. 15/50
International Monetary Fund
Serbia is facing a weak economy, serious fiscal imbalances, and protracted structural challenges. The new government appointed in 2014 has a window of opportunity to address these issues, with support from a new Fund program. Fiscal policy. [...]

New IMF Program with Ukraine Approved
The Peterson Institute for International Economics
The Executive Board of the International Monetary Fund (IMF) has approved an Extended Fund Facility for Ukraine—a 4-year financial stabilization program that provides $17.5 billion in financing, while assessing the total financing needs at $40 billion for the duration of the program. Both the funding and the reforms to which Ukraine has committed will be heavily frontloaded. The funding extension clears the way for Ukraine to adopt and implement an agenda of reform, although its economic and political situation is likely to remain perilous for some time.

Legal Issues and Conventions

Remarks Made Before the United Nations General Assembly Ad Hoc Committee on Sovereign Debt Restructuring
University of North Carolina School of Law
General Assembly resolution 69/247 established the Ad Hoc Committee on Sovereign Debt Restructuring, with instructions to "elaborate ... a multilateral legal framework for sovereign debt restructuring processes." These invited remarks discuss the historical context for this effort, which spans at least two centuries. I make two primary points. First, for at least two centuries, reformers and market participants have attempted to solve the very same technical problems, typically by amending contracts rather than building institutions. ." [...]

Sovereign Debt Restructuring Framework
The Peterson Institute for International Economics
The past five years have seen record-breaking restructurings (notably in Greece); new treaties to deal with sovereign debt crises in Europe; spectacular court victories for creditors, notably in the case of Argentina; major institutional reforms addressing debt management at the International Monetary Fund (IMF); and dramatic contract changes, which go beyond anything accomplished since the League of Nations first tackled sovereign debt contracts—a product of collaboration among market participants, the official sector, and issuers ranging from Mexico to Kazakhstan and Vietnam. And yet, Greece is on edge, struggling to repay its official debt; Argentina’s unpaid debt has quadrupled; Ukraine is looking at another restructuring months after its debt was judged sustainable; and Ecuador has returned to the international markets with great fanfare, only to face a new lawsuit from creditors.

Derivatives

ASIC amends rules on trade reporting obligations for OTC derivatives following industry consultation
Australian Securities and Investments Commission
The Australian Securities and Investments Commission has amended its derivative transaction reporting rules follow industry consultation and feedback on its consultation paper titled” TC Derivatives Reform: Proposed amendments to the ASIC Derivative Transaction Rules (Reporting) 2013.” ASIC has decided, after consultation with other financial regulators, not to proceed with the proposal to require larger foreign subsidiaries of Australian authorized deposit-taking institutions (ADIs) and Australian financial services license (AFS) license holders to report OTC derivative transactions.

Pension funds should benefit from a further two year exemption from central clearing requirements
European Commission
The European Commission has published a report that recommends granting pension funds a two-year exemption from central clearing requirements for their over-the-counter (OTC) derivative transactions. The report, which is based on an extensive study requested by the European Commission, concludes that central counterparties (CCPs) need this time to find solutions for pension funds. At the same time, the report encourages CCPs to continue working on finding technical solutions in this important matter. Ultimately, the

objective is that pension scheme arrangements (PSAs) should use central clearing for their derivatives transactions, as is the case for other financial institutions. This is also imperative for financial stability.[...]

Developments in credit risk management across sectors: current practices and recommendations - consultative document

BIS

In 2013 the Joint Forum undertook a survey of supervisors and firms in the banking, securities and insurance sectors globally in order to understand the current state of credit risk (CR) management given the significant market and regulatory changes since the financial crisis of 2008. Credit risk is generally defined as the risk that a counterparty will fail to perform fully its financial obligations, and can arise from multiple activities across sectors. For example, CR could arise from the risk of default on a loan or bond obligation, or from the risk of a guarantor, credit enhancement provider or derivative counterparty failing to meet its obligations.

ISDA In Review - February 2015

Isda

A compendium of links to new documents, research papers, press releases and comment letters from the Association.

ISDA Outlines Key Principles for Further Improving Regulatory Transparency and Derivatives Trade Reporting

Isda

The International Swaps and Derivatives Association, Inc. (ISDA) today published a paper that outlines a number of key principles and initiatives for regulators, market participants and industry service providers in order to further improve regulatory transparency of derivatives activity.[...]

Institutional Arrangements for Debt Management

On 27th February 1953 The allied Powers cancelled part of German's Debt. What about Greece?

Oid-Ido - International Debt Observatory

When it came to power, the SYRIZA party referred to the cancellation of German debts in the context of the London agreement some sixty-two years ago (27 February 1953). We were reminded that the Federal Republic might owe huge amounts to Greece... Can you explain?

Accounting, Transparency and Accountability

Latin America and the Caribbean: Tax Revenues remain stable

Inter-American Development Bank

The report, produced jointly by the Inter-American Centre of Tax Administrations (CIAT), the Economic Commission for Latin America and the Caribbean (ECLAC), the Inter-American Development Bank (IDB), the Organisation for Economic Cooperation and Development (OECD) and the OECD's Development Centre, was launched today during the XXVII Regional Seminar on Fiscal Policy,held at ECLAC headquarters in Santiago, Chile.

BIS publishes indicators of global liquidity and analysis of oil market developments

BIS

According to the latest BIS statistics, as banking systems recover, and with risk appetites remaining strong, bank lending has strengthened as a channel for global liquidity, alongside persistently high volumes of global bond market issuance. The historical pattern where low levels of volatility coincide with a rapid growth of crossborder banking flows may be starting to reassert itself.[...]

DMOs Programmes and Reports

Annual Borrowing Plan 2015

Brazilian National Treasury Secretariat

The Annual Borrowing Plan presents a clear reference of the Federal Public Debt - FPD financing policy in the year, respecting market conditions and keeping the necessary flexibility in the issuance´s strategy. The Plan, published since 2001, brings the guidelines, priorities and targets followed by the FPD management.

Debt Management Office Newsletter - February 2015

Republic of Cyprus

The Republic of Cyprus has released the seventh edition of the Public Debt Management newsletter.

Coordination with other policies and operations

Overview of the Economic Survey of Italy
Oecd
OECD Secretary-General Angel Gurría said on Thursday while presenting the report in Rome with Italian Finance Minister Padoan: "Italy is back… Reforms will have a multiplying effect resulting in an impact greater than their sum… Italy is progressing on an unprecedented path of reform that, being a core country, will not only boost growth and employment, but also bring confidence at the systemic, European level.[…]

Can Euro Area Economic Growth Surprise in 2015?
Italian Ministry of Economy and Finance
Presentation by Lorenzo Codogno, Former Director General of Italian Ministry of Economy and Finance at Evercore ISI Macro Conference in London on January 15, 2015.

FSB completes peer review of Russia
Financial Stability Board
The peer review examined two topics: the macroprudential policy framework and tools; and the bank resolution framework. These topics are relevant for financial stability across the FSB membership and are also being covered in other FSB country peer reviews. This review focused on the steps taken by the Russian authorities to implement reforms in these two areas, including by following up on relevant recommendations in the 2011 Financial Sector Assessment Program (FSAP) report by the International Monetary Fund (IMF).[...]

Gabon: 2014 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for Gabon - IMF Country Report No. 15/47
International Monetary Fund
This 2014 Article IV Consultation highlights that Gabon's growth performance has recently been strong, but fiscal pressures have increased significantly. [...]

Lao People's Democratic Republic: 2014 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for the Lao People's Democratic Republic - IMF Country Report No. 15/45
International Monetary Fund
In Lao People's Democratic Republic the growth is moderating and credit growth has declined, but significant vulnerabilities remain. International reserves are inadequate by several internationally comparable metrics, the exchange rate remains overvalued, credit risks are rising, and high public debt requires attention. [...]

Malta: 2014 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for Malta - IMF Country Report No. 15/46
International Monetary Fund
Malta has weathered the crisis well and its economic outlook is stronger than that of the euro area as a whole. Real GDP growth accelerated to 2.5 percent in 2013, and the external position remained strong.[...]

Morocco: 2014 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for Morocco - IMF Country Report No. 15/43
International Monetary Fund
The Moroccan authorities have taken strong policy actions to reduce the vulnerabilities of the economy, but important challenges remain to strengthen growth, reduce unemployment, and tackle poverty. [...]

Paraguay: 2014 Article IV Consultation - Staff Report; and Press Release - IMF Country Report No. 15/37
International Monetary Fund
Paraguay remains one of the most dynamic economies in Latin America, with growth projected around 4 percent in 2014–15. [...]

South Africa: Financial Sector Assessment Program-Detailed Assessment of Observance on the Insurance Core Principles - IMF Country Report No. 15/56
International Monetary Fund
The insurance sector is an important pillar of the financial system in South Africa. [...]

Emerging trends in the global financial landscape – India's challenges and opportunities
BIS
Based on the inaugural address by Mr Harun R Khan, Deputy Governor of the Reserve Bank of India, at the Third International Conference on Emerging Trends in The Global Financial Landscape organised by the Symbiosis Centre for Management Studies, Pune, 23 February 2015.

Financial reform and the role of regulators: Evolving markets, evolving risks, evolving regulation
BIS
The role of the financial regulator is threefold. First, to complete the reforms to repair the cracks in the system exposed by the global financial crisis. Second, to implement regulations consistently. And third, to monitor evolving markets and evolving risks. Confronted by the complexity of the financial system and the changing nature of risks, officials and private risk managers alike need to respect the limits of their understanding and models, no matter how sophisticated. Being prepared with robust capital, liquidity and risk assessment is of the essence. Risk management requires adopting a broad perspective, understanding the limits and operating with enough room for manoeuvre to deal with the unexpected.

OECD Economic Surveys: Colombia 2015
Oecd
OECD's 2015 Economic Survey of Colombia examines recent economic developments, policies and prospects. Special chapters cover taxes and transfers and pensions.

OECD Economic Surveys: Australia 2014
Oecd
OECD's 2014 Economic Survey of Australia examines recent economic developments, policies and prospects. Special chapters cover taxes and transfers, and federal-state relations.

OECD Economic Surveys: Mexico 2015
Oecd
OECD's 2015 Economic Survey of Mexico examines recent economic developments, prospects and policies. Special chapters boosting growth and reducing informality as well as sharing the fruits of growth.

Monetary Policy

Financial institutions, financial markets, and financial Stability
BIS
Speech by Mr Jerome H Powell, Member of the Board of Governors of the Federal Reserve System, at the Stern School of Business, New York University, New York City, 18 February 2015.

Inflation expectations and monetary policy
BIS
Remarks by Ms Agathe Côté, Deputy Governor of the Bank of Canada, to the Association Québécoise des technologies, Mont-Tremblant, Quebec, 19 February 2015.

Monetary spillovers? Boom and bust? Currency wars? The international monetary system strikes back
BIS
In recent years, the global financial system has witnessed several episodes of instability due to the external repercussions of monetary policy measures by major countries, the development of financial cycles characterised by excessive credit creation followed by sudden stops, and large movements in the exchange rates of both advanced and emerging market economies. The standard therapy for dealing with these disturbances has been a mix of putting one's own house in order, greater transparency and better communication of economic conditions and policy stances, accompanied by more effective financial regulation and safety nets.[...]

Semiannual Monetary Policy Report to the Congress
BIS
Testimony by Ms Janet L Yellen, Chair of the Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, US Senate, Washington DC, 24 February 2015.

ECB minutes: What they really tell us
VOX
The ECB has finally begun releasing the minutes of its policymaking meetings, something the world's major central banks have been doing since the 1990s. This column asks whether the publication of these minutes increases ECB transparency. While providing useful information on analysis at the ECB, the minutes lack the details on the actual discussions and the voting behaviour of committee members that the minutes of the Fed, the Bank of England and the Bank of Japan provide. They thus constitute just the first step, albeit a very welcome one, towards ECB transparency

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Fiscal policy and Budget Management

Fiscal rules based on structural budget deficits. Can the methodology be improved?
Italian Ministry of Economy and Finance
Presentation by Lorenzo Codogno, former Director General of Italian Ministry of Economy and Finance at the Meeting on Assessing the European Fiscal Framework Brussels, Bruegel seminar, November 17, 2014.

Malaysia: Selected Issues Paper - IMF Country Report No. 15/59
International Monetary Fund
This paper examines the implications of lower crude oil prices on Malaysia's economy. Although Malaysia's net oil exports are now very small as a share of GDP (0.1 percent in 2013), its gas exports are sizeable (over 6 percent of GDP with gas export prices are linked to crude oil prices through long term contracts. [...]

Antigua and Barbuda: Public Expenditure and Financial Accountability (PEFA) Performance Assessment
International Monetary Fund
This PEFA Report on Antigua and Barbuda was prepared by a staff team of the Fiscal Affairs Department of the International Monetary Fund. It is based on the information available at the time it was completed in October 2014.

Public Debt in Macroeconomic Analysis

Malaysia: 2014 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for Malaysia - IMF Country Report No. 15/58
International Monetary Fund
Prospects for Malaysia's well diversified economy are favorable despite lower prices for its exports of energy and other commodities. Growth is expected to moderate in 2015 to 4.8 percent from 5.9 percent in 2014.[...]

Iraq - Economic and social impact assessment of the Syrian conflict and the ISIS crisis
The World Bank
This report provides the government with a technical assessment of the impact and stabilization costs associated with the influx of refugees and IDPs. Impact refers to the immediate economic and fiscal effects on the KRG economy and budget, while stabilization cost refers to the additional spending that will be needed to restore the welfare of residents of the KRI. The report is the outcome of a process in which a World Bank team engaged intensively on the ground with regional government institutions and international partners to gather and mobilize data from disparate sources into a structured narrative and integrated technical presentation from which all stakeholders can draw to help them design and implement strategies for coping with the crisis.

Greece Should Ponder the Benefits of Devaluation
The Peterson Institute for International Economics
Standard economic theory suggests that currency devaluation is a significant boon for export competitiveness and economic growth after a crisis. Although a direct devaluation is not available to Greece as a member of the euro area, the government in Athens should be considering other paths to that goal.

Greece: No escape from the inevitable
VOX
Claims that 'austerity has failed' are popular, especially in the Anglo-Saxon world. This column argues that this narrative is factually wrong and ignores the reasons underlying the Greek crisis. The worst move for Greece would be to return to its old ways. Greece needs to realise that things could actually become much worse than they are now, particularly if membership in the Eurozone cannot be assured. Instead of looking back, Greece needs to continue building a functioning state and a functioning market economy

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Monthly Newsletter of the Ministry of Finance, Japan - March 2015
Ministry of Finance, Japan
Central Government Debt (As of December 31, 2014) On February 10, 2015, the MOF announced the central government debt at the end of 2014 as follows. [...]

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* (18.002 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

2-3 March 2015; web-based
Leadership Skills for Finance Managers

9-10 March 2015; web-based
Financial Globalization (2015)

11 March 2015; On line
Issuing sovereign Debt in international capital markets: selecting lead managers, understanding pricing considerations, and other key issues

23 March 2015 - web-based
Combating Corruption In Public Financial Management (2015)

24-25 March 2015; New York City
The Specialist Forum for North America's Financial Cyber Security Professionals

24-25 March 2015; The Spencer Hotel, IFSC - Dublin
Understanding Treasury Management

24-28 March 2015; Tunis, Tunisia
World Social Forum 2015

25 March 2015 - New York
Risk Model Validation: A Practical Approach for US Financial Institutions

30 March 2015 - web-based
Audit of Public Debt (2015)

30 March 2015 - web-based
Fundamentals of the Bond Market (2015)

13 April 2015 - London, UK
Empirical finance for monetary policy - Centre for Central Banking Studies

13-16 April 2015; London ,UK
Quant Europe

14 April 2015 - Rome, Starhotels Metropole, Italy
Rome 3rd Economics & Finance Conference

14 April 2015 - Global Financial Center, NY - New York
Global Reporting Requirements Conference

15 April 2015 - Auditorium Ivan Pictet, Maison de la Paix, Chemin Eugène-Rigot 2, 1202 Geneva
IMF / CFD conference: Financing for Development

16 April 2015 - OECD Conference Centre, Paris
IARIW-OECD Special Conference on the Future of the SNA System of National Accounts

21 April 2015 - Fairmont The Queen Elizabeth, Montreal
ISDA Accounting Meeting - ISDA Members Only

21 April 2015 - Fairmont The Queen Elizabeth, Montreal
ISDA Symposium - ISDA Resolution Stay Protocol

29 April 2015 - Nederlandse Vereniging van Banken - Gustav Mahlerplein 29-35, 1082 MS Amsterdam - The Netherlands
ICMA Asset Management and Investors Council (AMIC) Conference

06 May 2015 - Deutsche Nationalbibliothek (German National Library) Adickesallee 1 - 60322 Frankfurt am Main - Germany
The ICMA CBIC & The Covered Bond Report Conference

1-5 June 2015; Vienna, Austria
Workshop: Designing Government Debt Management Strategies

03 June 2015 - Hotel Okura Amsterdam - Ferdinand Bolstraat 333 - 1072 LH Amsterdam, The Netherlands

ICMA Annual General Meeting & Conference 2015

8 June 2015; United Kingdom
Risk-Based Internal Auditing

8-12 June 2015; Vienna, Austria.
Workshop: Implementing Government Debt Management Strategies

17 June 2015 - International Capital Market Association (ICMA) Limited - 23 College Hill - London
European Regulation: An Introduction for Capital Market Practitioners

18-19 June 2015; New York
Improving Capital Deployment through Risk Transparency

06 July 2015 - United Kingdom
Public Financial Management: Issues & Solutions

Previously signaled

26 March 2015 - Busan, Republic of Korea
Inter-American Development Bank to hold Annual Meeting in Busan, Republic of Korea

31 March 2015 - PwC, Level 22, PwC Tower, 188 Quay Street - Auckland
PwC NZ Treasury Survey and Presentations

06 April 2015 - Shanghai, China
International Research Conference on Business, Economics and Social Sciences

13 April 2015 - United Kingdom
Budget Execution through Strategic Financial Management

05 May 2015 - Copenhagen, Denmark
Eurodad-IBIS 2015 International Conference on Financing for Development

11 May 2015 - United Kingdom
Financial Management of Development Projects

06 March 2015 - Trinity College, Dublin - Ireland
Tenth Annual Workshop on Macroeconomics of Global Interdependence (MGI)

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 24th March 2015, the number of total resources of the PDM Network website is 24.046 (of which 18.002 news, 2.537 papers and articles in reviews and in books, and 2.277 webresources). Registered Members are 832, coming from 117 countries. 440 Partners belong to sovereign debt management institutions of emerging and advanced countries. This newsletter is sent to 582 Partners.

Special thanks

The PDM Network Secretariat is grateful to Stelios Leonidou (Cypriot MoF) and Lisa Curtin (FTI Treasury), for their 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).