PDM NETWORK *Newsletter*

n. 9/ November - December 2016

ISSN 2239-2033

Dear Subscriber, this newsletter lists all papers, reports, courses and other events concerning public debt management recently uploaded by the PDM Network Secretariat in the site **www.publicdebtnet.org**. The documents which the PDM Network Secretariat have found most interesting are highlighted with a gray background.
From the issue n. 6/July–August 2016 the PDM Network Newsletter is published every two months (September, November, and so on). This change is aimed at improving the quality of the service offered. The Secretariat are also working on updating the organization of the material and the user interface of the website.
The PDM Network Secretariat welcome cooperation on information published on the website. Please feel free to **suggest any documents, news and events** that you think are relevant to the management of public debt at the following email address: **publicdebtnet.dt@tesoro.it**.

Contents

New Documents 1
Papers, Articles & Books 1
Web Resources 15
Network News 21
Annual Reports & Guidelines 21
Events and Courses 21
Newly uploaded 22
Previously signaled 22
Communication Corner 22
Some figures 22

New Documents

Papers, Articles & Books

Primary Market

Home bias in bank sovereign bond purchases and the bank-sovereign nexus (2016)

Desislava C. Andreeva, Thomas Vlassopoulos - European Central Bank

Abstract: In this paper the authors study whether a pre-existing link between bank and sovereign credit risk biased euro area banks' sovereign debt portfolio choices during 2011Q4 and 2012Q1 – a period of exceptional increases in their domestic sovereign bond holdings. **The authors find that banks whose creditworthiness is linked to that of the respective sovereign tended to purchase higher amounts of domestic sovereign bonds relative to their main assets if the CDS spreads on domestic sovereign bonds were higher.** Moreover, for elevated sovereign

CDS levels, banks whose creditworthiness is ex ante more strongly positively correlated with that of the local sovereign exhibit larger purchases of domestic government bonds. These findings are consistent with risk shifting behaviour, where by investing in domestic government bonds banks earn the full, high risk premium while the risk is largely borne by their creditors as it materialises in states of the world where the banks are likely to be insolvent anyway. As a result, **domestic sovereign debt offers ex ante higher returns to bank shareholders than alternative ways to build up precautionary liquidity buffers or indeed to execute carry trades, such as to invest in non-domestic government bonds.**

Sovereign Risk Spillover Effects and the Role of Systemically Important Financial Institutions: Evidence from the European Debt Crisis (2016)

Haoshen Hu; Jörg Prokop; Hans-Michael Trautwein - University of Oldenburg

Abstract: In this paper **the authors analyse two-way spillover effects between sovereign ratings and bank ratings across 17 Eurozone countries for the period 2002-2013.** The authors show that sovereign rating actions including watchlist placements and outlooks have a significant impact on bank ratings. During the financial crisis, downgrade spillovers from sovereigns to systematically important financial institutions (SIFIs) are stronger than spillovers to non-SIFIs. Moreover, the authors provide evidence on the existence of a bank-to-sovereign rating transmission channel. Downgrades of SIFIs increase the probability of multiple-notch downgrades of sovereign ratings. Dividing the sample into PIIGS and non-PIIGS subsets, the authors find bank-to-sovereign spillovers to exist only in the PIIGS subsample.

The Sovereign-Debt Listing Puzzle (2016)

Elisabeth de Fontenay; Josefin Meyer; G. Mitu Gulati - Duke University School of Law; Ludwig Maximilian University of Munich

Abstract: The claim that stock exchanges perform certification and monitoring roles in securities offerings is pervasive in the legal and financial literatures. This article tests the validity of this "bonding hypothesis" in the sovereign-bond market — one of the oldest and largest securities markets in the world. **Using data on sovereign-bond listings for the entire post-World War II period, the authors provide the first comprehensive report on sovereigns' historical listing patterns.** The authors then test whether a sovereign bond issue's listing jurisdiction affects its yield at issuance, as the bonding hypothesis would predict. The authors find little evidence of bonding in today's sovereign-debt market. Instead, the authors hypothesize that sovereign-bond listings are primarily a form of regulatory arbitrage. Because certain investors may be restricted to investing abroad only in listed securities, sovereigns are incentivized to list their bonds, but to seek out the least restrictive exchange that qualifies.

Bonds and climate change. The state of the market in 2016 (2016)

Bridget Boulle, Camille Frandon-Martinez, Jimmy Pitt-Watson, Tess Olsen-Rong, Alan Meng, Candace Partridge, MyLinh Ngo, Chris Kaminker - Climate Bonds Initiative

Abstract: The research estimates that there are $694bn of climate-aligned bonds outstanding, an increase of $96bn on last year's report. This is the 5th annual State of the market report. **The report, commissioned by HSBC, discovers and quantifies bonds that are being used to finance low carbon and climate resilient infrastructure: climate-aligned bonds.** This includes labeled green bonds with use of proceeds defined and labeled as green, as well as a larger universe of bonds financing climate-aligned assets that do not carry a green label. Together, these make up our 'climate-aligned' bond universe.[…]

The sovereign-bank nexus and the case for European safe bonds (2016)

Marco Pagano –University of Naples (Italy)

Abstract: During the euro debt crisis, banks' holdings of domestic sovereign debt amplified the transmission of sovereign stress to bank lending and solvency risk in stressed countries. Yet, **current proposals to reform European banking regulation of bank sovereign exposures meet with obstacles**, some structural–namely, the scarcity and asymmetric provision of safe assets–and others transitional–chiefly the danger that regulatory change may trigger instability in the sovereign debt market. But both types of **obstacles can be overcome by introducing a synthetic security resulting from the securitization of euro-area sovereign debt** — European Safe Bonds, or ESBies — and by providing regulatory incentives for banks to replace domestic debt holdings with this security.

The Swedish financial market (2016)

Sveriges Riksbank

Abstract: The Swedish financial market describes the various roles and functions in the Swedish financial system. The publication is divided into three chapters: financial markets, financial intermediaries and the financial infrastructure. It is published once a year and is largely based on annual statistics. **In**

publishing the Swedish financial market, the Riksbank is endeavouring to contribute to increased knowledge of the financial system and its functions. The publication is designed to function in two ways: as a "reference book" for those needing statistical information and as a simple "textbook" for those who wish to learn more about Sweden's financial system. This means that the publication is directed at a broad readership, ranging from professionals to students and members of the general public with an interest in the subject.[...]

[What Makes US Government Bonds Safe Assets?](#) (2016)

Zhiguo He; Arvind Krishnamurthy; Konstantin Milbradt - University of Chicago; Stanford University; Northwestern University

Abstract: US government bonds are widely considered to be the world's safe store of value. US government bonds are a large fraction of safe asset portfolios, such as the portfolios of many central banks. The world demand for safe assets leads to low yields on US Treasury bonds. During periods of economic turmoil, such as the events of 2008, these yields fall even further. Moreover, despite the fact that US government debt has risen substantially relative to US GDP over the last decade, US government bond yields have not risen. **What makes US government bonds "safe assets"? The authors' answer in short is that safe asset investors have nowhere else to go but invest in US government bonds.**

[European Versus Anglo-Saxon Credit View: Evidence from the Eurozone Sovereign Debt Crisis](#) (2016)

Marc Altdörfer; Carlos A. De las Salas; Andre Guettler; Gunter Löffler - University of Ulm

Abstract: In this paper **the authors analyse whether different levels of country ties to Europe among the rating agencies Moody's, S&P, and Fitch affect the assignment of sovereign credit ratings, using the Eurozone sovereign debt crisis of 2009-12 as a natural laboratory.** The authors find that Fitch, the rating agency among the "Big Three" with significantly stronger ties to Europe compared to its two more US tied peers, assigned on average more favourable ratings to Eurozone issuers during the crisis. However, **Fitch's better ratings for Eurozone issuers seem to be neglected by investors as they rather follow the rating actions of Moody's and S&P.** The authors' results thus doubt the often proposed need for an independent European credit rating agency.

Secondary Market

[Market liquidity and market-making](#) (2016)

ESRB European Systemic Risk Board - European System of Financial Supervision

Abstract: This report investigates the issue and presents new evidence, particularly focusing on the supply of liquidity services by market-makers. To obtain this information the European Systemic Risk Board (ESRB) conducted a quantitative data collection exercise as well as a qualitative survey with the largest market-makers operating in Europe. **The data gathered show mixed evidence of developments in market liquidity.** For asset classes other than corporate bonds, gross and net inventories have either increased or remained unchanged. However, for European corporate bond markets, gross and net inventories have declined since 2010, possibly indicating a reduced ability or willingness of market-makers to act as intermediaries in these markets. Moreover, compared with the growth in outstanding amounts of corporate bonds, market-makers' inventories have decreased even more. The findings from the ESRB's data collection are consistent with market-based measures of liquidity. Liquidity resilience, i.e. the existence of liquid markets during times of stress, is important for financial stability. The financial crisis has shown that, at normal times, liquidity conditions may be perceived to be ample, but a sudden lack of liquidity can occur during times of stress. **Any possible deterioration in the supply of market liquidity as indicated by the results presented in this report has occurred against a backdrop of increasing demand for liquidity.** Demand has increased owing to the expansion in market-based finance and an increase in bond holdings by asset managers. [...]

[Cost-benefit analysis of establishing a secondary bond market in Bangladesh](#) (2016)

M G Mortaza & Wasel Bin Shadat - Asian Development Bank & University of Manchester

Abstract: This paper investigates the costs and benefits of establishing a secondary bond market in Bangladesh. **Bangladesh has a primary bond market but a weak secondary one.** Like other developing countries, Bangladesh desperately needs financing for its infrastructure projects and industrial expansion. **An active secondary market opens an alternative option for financing development projects and attracting investors.** Both the public and private sectors require long-term financing facilities to make the right investments in key sectors of the economy. Evidence from the authors' analysis shows significant benefits for the economy from a secondary bond market.

Liquidity in fixed income markets (2016)

Jon Cheshire - Reserve Bank of Australia

Abstract: Fixed income markets in many jurisdictions have been going through a period of change, resulting in a debate as to whether they are continuing to function effectively, or will function effectively in times of stress. **Changes in dealer business models and increased use of electronic trading platforms are influencing the nature of liquidity in bond markets.** These changes are not as prevalent in Australia as they are in some overseas markets. For instance, while dealer inventories in US and European banks have fallen, in Australia they have been broadly steady, although they have undergone some substantial compositional shifts. Similarly, electronic trading and, in particular, high frequency trading (HFT),does not account for as large a share of trading in Australian financial markets as it does in US and some European markets. **As these changes have occurred, market liquidity in some bond market segments in Australia has declined and is lower than it has been in the past.** In contrast, market liquidity in derivative markets appears to have improved, such that overall market liquidity across bond and related derivative markets does not appear to have deteriorated. While this is a positive assessment, **it is also likely that accommodative monetary policies in many major economies have supported market liquidity in recent years and it is difficult to determine how robust market liquidity would be in the absence of these policies.**

Multilateral Debt

Debt crisis prevention (2016)

IMF International Monetary Fund

Abstract: The Addis Agenda reaffirms a commitment to supporting the maintenance of debt sustainability in those countries that have received debt relief and achieved sustainable debt levels. It invites the IMF and World Bank to strengthen the analytical tools for assessing debt sustainability in an open and inclusive process with the United Nations and other stakeholders. The Addis Agenda also welcomes government efforts to strengthen their capacity for prudent public debt management and encourages international institutions to continue to provide assistance to debtor countries in this regard. **The Addis Agenda reaffirms that debtors and creditors must work together to prevent unsustainable debt situations.** It also encourages the study of new financial instruments for developing countries, noting experiences of debt-to-health and debt-to-nature swaps. Recalling the need to strengthen information-sharing and transparency in debt sustainability assessments, the Addis Agenda invites relevant institutions to consider the creation of a central data registry including information on debt restructurings. **The IMF and the World Bank provide a range of public debt management technical assistance and training to over 50 developing countries during the past year, with the help of generous financial support of several bilateral donors.** The training cover primarily the areas of developing a medium-term debt management strategy (MTDS) and conducting debt sustainability analysis, the latter mainly through the joint IMF/World Bank debt sustainability framework (DSF).[…]

Economic Development in Africa (2016)

UNCTAD – United Nations Conference on Trade and Development

Abstract: The Economic Development in Africa Report 2016 examines some of the key policy issues that underlie Africa's domestic and external debt, and provides policy guidance on the delicate balance required between financing development alternatives and overall debt sustainability. This report analyses Africa's international debt exposure and how domestic debt is increasingly playing a role in some African countries as a development finance option, and also examines complementary financing options and how they relate to debt.

Arrears to the IMF - A Ghost of the Past? (2016)

Anne Oeking ; Mariusz A. Sumlinski - International Monetary Fund

Abstract: In this paper, the authors consider incidences of arrears to the IMF, focusing on protracted arrears cases and attempt to identify determinants of their occurrence. The authors use narrative and formal methods. In addition, the authors analyze determinants of the duration of arrears. **The authors find that previous arrears, reserves coverage, and institutional quality are among the main determinants of arrears.** In addition, the authors identify a role for political developments, including civil unrest, which make arrears more likely to arise and to last longer. The authors conclude that **improved macroeconomic conditions and turnaround of political fortunes would help to clear the currently remaining protracted arrears cases.**

Developing Domestic Bond Markets

Development of local currency bond markets overview of recent developments and key themes prepared for the G20 IFAWG (2016)

IMF International Monetary Fund

Abstract: At the Cannes Summit in 2011, the G20 launched an initiative to develop local currency bond markets (LCBMs) through an action plan. Deepening the financial market in a given country provides several benefits, which are particularly relevant in the current macroeconomic and financial context: (1) it increases a country's ability to withstand volatile capital flows, (2) it reduces the reliance on foreign borrowing and the risks linked to currency mismatch, (3) it contributes to the reduction of current account imbalances, (4) it mitigates the need for large precautionary reserve holdings, and (5) it allows balance sheets to adjust more smoothly, therefore improving the capacity of macroeconomic policies to respond to shocks. **The action plan targeted three key areas for progress: (1) scaling up technical assistance, (2) improving the database, and (3) monitoring the progress made on an annual basis.** In support of the G20 Action Plan for LCBM, international organizations (IOs) have sustained their enhanced collaboration and information sharing to improve resource allocation and the effectiveness of technical assistance (TA). Given the potential benefits of LCBMs, and the general recognition that LCBMs — particularly nongovernment bond markets — remain underdeveloped as a vehicle for mobilizing domestic and international financing for EMEs (inclusive of middle-income countries), the work program of the G20 Study Group on Long-Term Investment Financing also includes analytical work on LCBMs as part of a broader, more holistic approach to domestic capital market development.[…]

The World Bank Group's Support to Capital Market Development (2016)

The World Bank

Abstract: This evaluation assesses the World Bank Group's contributions towards capital market development in client countries. **It examines the activities the Bank Group has in all segments of capital market development, both in the public and private sectors, including interventions across 64 countries.** It draws conclusions on the Bank Group's strategic approach to capital markets, on the coordination across program areas, on the sequencing and clustering of reforms and on adapting advice to country and global needs. The report does not attempt to holistically cover all potential sources of long term development finance, and has limited itself to capital markets finance only. These areas are still to be evaluated.

Legal Issues and Conventions

An Incremental Approach to Sovereign Debt Restructuring: Sovereign Debt Sustainability As a Principle of Public International Law (2016)

Juan Pablo Bohoslavsky; Matthias Goldmann - United Nations Human Rights Council; Max Planck Institute for Comparative Public Law and International Law

Abstract: The paper sets out the legal foundations of an incremental approach to sovereign debt restructuring. As the political momentum that would be necessary to adopt an international treaty governing sovereign debt workouts is currently lacking, **the incremental approach explores the possibility of further developing current practice in line with legal principles that have emerged from progressive developments in debt restructuring practice in reaction to the crises of the last decades.** Key among them is the principle of sovereign debt sustainability. Debt sustainability is a global concern today. This is evidenced by significant institutional, procedural and substantive innovations in the way in which sovereign debt is treated. Among them is the generalized conviction that debt sustainability cannot come at the expense of human rights enjoyment. The rise in holdout litigation does not contradict this finding, as it has been countered by a strong policy response. The incremental approach is not only unique because it overcomes the binary structure of a debate juxtaposing statutory, institutional and contractual, market-based approaches to improve the current debt restructuring framework. Rather, **the incremental approach puts law and legal theory right at the center of the debate about sovereign debt that in the last decades has been dominated by economic thinking.** It thereby claims that markets, including markets for sovereign debt, must be embedded in other social fields and therefore require regulation. **The incremental approach is thus opposed to the idea of markets as spontaneous orders.** However, given that knowledge is limited, market regulation that proceeds continuously and in small steps does not need to be less successful in its effort to avoid crises and solve collective action problems than grand proposals for institutional design.

Government Funding Privileges in European Financial Law - Making Public Debt Everybody's Favourite? (2016)

Ad van Riet - European Central Bank

Abstract: Since the global financial crisis of 2008 European authorities have set out to strengthen financial governance in order to create a more stable and resilient financial system. As discussed in this paper, **the new**

and updated EU legislation addressed at a wide array of financial markets and institutions also significantly broadened the scope of the existing preferential regulatory treatment of sovereign bonds and introduced new funding privileges for governments. The many regulatory incentives for investors to buy and hold (domestic) government debt facilitate public debt management, at the cost of crowding out private sector funding and raising financial stability concerns every time the government faces distress. Moreover, a privileged access to capital markets reduces market discipline and may lead to moral hazard on the part of sovereigns. The growing scope of these government funding privileges in EU financial law may be interpreted in three (complementary) ways: as a revival of financial repression in a modern prudential guise to reduce the burden of high public debt, as a return to the traditional close relationship between the government and the financial sector so as to align mutual interests in fiscal and financial stability, or as a way to increase explicit and implicit taxes on finance and recoup public revenues lost during the financial crisis. **The preferential treatment of sovereign exposures and governments' market access is found in a growing body of EU financial law.** Regulatory efforts to reduce it would have to be coordinated at the international level, take account of the financial structure and allow for a (long) period of transition to avoid market disruption.

[Mission creep: the emerging role of international investment agreements in sovereign debt restructuring](#) (2016)

Rachel D. Thrasher, Kevin P. Gallagher - Pardee School

Abstract: The global community still lacks a regime for sovereign debt restructuring. However, the recent financial crisis has spawned numerous efforts to fill this glaring gap in global economic governance. **At the same time however, there is increasing concern that international investment agreements (IIAs) have already begun to expand their reach into the realm of sovereign debt restructuring.** Indeed, private investors have attempted to use IIAs to recoup the full value of their bonds in order to circumvent debt restructurings in Argentina and Greece. This paper examines the extent to which IIAs are becoming tools for creditors to circumvent debt restructurings and whether new IIAs such as the Trans-Pacific Partnership and the Trans-Atlantic Trade and Investment Partnership will further advance the ability of creditors to do so. It sets forth that contemporary IIAs are increasingly interpreting sovereign bonds as being under their jurisdiction. Thus debt restructurings may be increasingly subject to claims filed by holdout creditors wishing to recoup the full value of their bonds through private tribunals under IIAs. That said, **the authors also find that some treaties have begun to provide exceptions for certain types of debt restructurings.** While such safeguards are a step in the right direction, they will need to become broader in scope and more widespread in application in order to not interfere with the orderly workout of debt problems in the world economy.

Putting Your Faith in Good Faith: A Principled Strategy for Smoother Sovereign Debt Workouts (2016)

Matthias Goldmann - Max Planck Institute for Comparative Public Law and International Law

Abstract: This paper explores the potential of good faith, a well-established general principle of law, to guide debt resolution negotiations. After reviewing the criteria for the establishment of a general principle, the paper argues that **debtor states and creditors are under a good faith duty to enter into negotiations in case of a crisis, and that good faith further prevents the arbitrary exercise of voting rights, as well as abusive holdout litigation.**

Argentina Sovereign Debt: Excerpts of the Judicial Decisions from 2011 to 2016 The Trip from 'Game-Changer' to 'No-Precedent' Rulings (2016)

Eugenio A. Bruno - Ministry of Finance - Republic of Argentina

Abstract: In this paper the authors select the most relevant parts of the applicable rulings to the recent judicial saga of the Argentine sovereign debt in default to show the radical changes took by the United States courts that were in charge of the cases, including the latest case dated December 22, 2016. **The excerpts permit to see and understand the implications that the Argentina judicial saga may have for future sovereign restructurings.**

Venezuela as a Case Study in Limited (Sovereign) Liability (2016)

Mark C. Weidemaier; Matthew Gauthier - University of North Carolina (UNC) at Chapel Hill - School of Law

Abstract: Venezuela is in a severe economic crisis. An October 2016 debt swap bought some time for the beleaguered state-owned oil company Petróleos de Venezuela, S.A. (PDVSA), but there remains speculation about default by both PDVSA and the government. **The fact that Venezuela's economy is heavily dependent on oil**

exports has led some observers to assume that, in the wake of a default, creditors could easily seize assets associated with natural resource exploitation. In this article, the authors explore some of the legal considerations that would govern such litigation. The authors' primary claim is that matters are not so simple. Even ignoring issues associated with sovereign immunity and bankruptcy law, the authors emphasize the doctrine of separate corporate personhood (i.e., the fiction that corporations are independent legal persons responsible for their own, and only their own, debts). The authors do not purport to predict the outcome of any disputes that might arise in the wake of a default. Instead, the authors use Venezuela as a case study, identifying the many ways in which the doctrine of separate corporate personhood may affect the relative rights and bargaining power of a sovereign debtor and its creditors.

Institutional Framework

Should the Central Bank Issue Government Bonds? (2016)

Mauricio Dias Leister - Tesouro Nacional - Brazilian Ministry of Finance

Abstract: Securities issued by a central bank are directly related to liquidity management, the relationships with the tax authority, financial market development and public debt. **This study will show the conditions and context under which a bond issue from the Central Bank would not appear to be the most convenient option as opposed to the alternative of exclusive use of National Treasury securities.** The monetary authority needs a portfolio of bonds to manage the level of liquidity in the economy.

The financial systems in Russia and Turkey: recent developments and challenges (2016)

Simone Auer; Emidio Cocozza; Andrea Colabella - Bank of Italy

Abstract: Following the severe financial crises of the 1990s and early 2000s, substantial efforts have been undertaken in Russia and Turkey to diversify and deepen the financial systems. However, despite unquestionable improvements, financial deepening in Russia and Turkey has taken place at a slower pace than in other major emerging economies. **This paper highlights that this is in part a consequence of a highly volatile economic environment and deep-seated institutional and structural bottlenecks.** Though authorities in both countries have committed to sounder economic policies and have implemented important structural reforms to improve the institutional environment and overcome structural weaknesses, over time reform fatigue has gradually taken hold. As a consequence significant gaps and weaknesses in the institutional and business environments still characterize, to a different degree, Russia and Turkey. These factors have not only slowed the development of the financial system as a whole, but have also contributed to the build-up of key vulnerabilities, which have come to the fore more recently in the context of a less supportive external environment.

China's Model of Managing the Financial System (2016)

Markus K. Brunnermeiery; Michael Sockinz; Wei Xiongx - Princeton University and NBER; University of Texas at Austin; Princeton University and NBER

Abstract: China's economic model involves active government intervention in financial markets. It relaxes/tightens market regulations and even directs asset trading with the objective to maintain market stability. The authors develop a theoretical framework that anchors government intervention on a mission to prevent market breakdown and the explosion of volatility caused by the reluctance of short-term investors to trade against noise traders when the risk of trading against them is sufficiently large. In the presence of realistic information frictions about unobservable asset fundamentals, the authors' framework shows that the government can alter market dynamics by making noise in its intervention program an additional factor driving asset prices, and can divert investor attention toward acquiring information about this noise rather than fundamentals. **Through this latter channel, the widely-adopted objective of government intervention to reduce asset price volatility may exacerbate, rather than improve, the information efficiency of asset prices.**

G20 international financial architecture working group 2016 final report (2016)

G20 international financial architecture working group - G20

Abstract: The International Financial Architecture Working Group (IFA WG) has been reactivated. The Working Group undertook extensive work this year, enhanced by very valuable contributions from the international organizations. Discussions took place at four meetings of the WG, with a focus on achieving concrete deliverables and proposals. **This final report, endorsed by the members of the Working Group, summarizes the Group's discussions and progress achieved so far, and presents a set of recommendations for consideration by Ministers and Governors.** Against this background, five interconnected

sets of recommendations have been developed by the IFA WG as key recommendations that would contribute to further strengthening the international financial architecture. They include concrete policy recommendations to (i) improve the early detection and management of vulnerabilities stemming from large and volatile cross-border flows including through enhancing the availability, completeness and timeliness of data, and share experiences on early warning systems and build on country experiences with regards to capital flows to enhance policy responses; (ii) further strengthen the Global Financial Safety Net (GFSN) as a key component of a stable and robust international monetary system, with a strong, quota-based and adequately resourced IMF at its center, equipped with a lending toolkit that is adapted to evolving vulnerabilities, and enhanced cooperation between the IMF and Regional Financing Arrangements (RFAs); (iii) preserve the legitimacy of the IMF as the core of the GFSN, by keeping pace between IMF's quota shares, voice and governance structure and countries' relative position in the world economy; (iv) improve debt sustainability and debt restructuring processes as key elements to strengthen the international financial architecture; (v) examine broader use of the SDR as a way to enhance resilience, and support the development of local currency bond markets where appropriate.

Politicians' Coherence and Government Debt (2016)

Giorgio Bellettini; Paolo Roberti - University of Bologna

Abstract: The authors model a society that values the coherence between past policy platforms and current implemented policy, and where policy platforms partially commit candidates to their future actions. If an incumbent politician seeks to be reelected, she has to use her platforms to commit to moderate policies that can be distant from her most preferred one. Commitment is related to the incoherence cost that politicians pay when they renege on promised platforms. In this context, **the authors suggest a novel mechanism through which issuing government debt can affect electoral results.** Debt is exploited by an incumbent politician, who is in favor of low spending, to damage the credibility of her opponent's policy platforms, and be reelected. A higher level of debt decreases voters' most preferred level of spending, and makes the opponent's past platform a losing policy. Even if the latter chose to update her proposal, she would not be able to credibly commit to it, given the incoherence cost associated to changing proposals.

Survival of the Selfless: The EU Sovereign Debt Crisis and Its Effect of Relationships between Member States (2016)

Ergis Sefa - Institute for Socio-Economic Development Alternatives (SEDA)

Abstract: The European Union is a project designed to bring unity and peace through prosperity. It aims to turn the European continent into the peaceful habitat where 50 distinct and different nation states cooperate and act as a single organism. Its founders aimed to have perpetual peace in the European habitat where all participants cooperate and share. **This article is a description of the strongest test this project has had to date, the sovereign debt crisis, and its impact on the relations between member states in the EU.** The authors begin by describing the EU project idea and design and the difficulties it found itself since the beginning of the global financial meltdown of 2008. This was the first major crisis for the Union and it demonstrated lack of proper structural design and volatility of its institutions. As a result, the sovereign debt crisis was characterized by a selfish crisis management mode. The continent was once again divided in the center and the periphery. The center was composed of countries lying in in the inner part of the continent, with high industrial output and financial capabilities. The periphery is composed from countries geographically lying on the edges of the continent and with a high level of debt and low industrial output. Instead of increasing the pace for closer cooperation, the EU moved toward building fault lines with the center trying to impose solutions to the periphery. **This article argues for a selfless crisis management mode as the solution to the EU problems. Europeans should act for "the greater good" and consider the nonperforming members as part of a greater whole, a sole organism.** The whole body should engage in solving the problems. It is time to complete the EU project building the structures of a single operating unit.

Coordination with Other Policies and Operations

Fiscal Stabilization & Adjustments in Developing Countries (2016)

Jimmy Chulu – Independent

Abstract: From the literature review, it is particularly argued that failure to implement effective fiscal policy measures have greatly hampered economic growth and sound macroeconomic stability in most developing countries. The prevailing economic climate indicates that growth has slowed down substantially in most developing economies especially in sub-Saharan Africa

(SSA) region. The discussion on the fold is that economic turbulence and uncertainty persist despite implementing the famous Structural Adjustments Programmes (SAPs) in the early 1980s and 1990s. Many scholars still argue that developing economies have maintained a stable and positive rate of growth while significant challenges of high real interest rates, declining investment opportunities, and volatility in exchange rates and fiscal deficit remains key on the development agenda.

At the end of the 1990s, most developing economies saw a full span of macroeconomic and microeconomic measures in order to resolve structural rigidities. For obvious reasons the economic outlook of the late 1990s provided a greater opportunity for sustained economic growth in most developing economies. However, this was not the case as most of them experienced a balance of payment crisis, growing foreign debt, high interest high rates and increase in public expenditure which was caused by imprudent fiscal policies. Most governments undertook a combination of austerity measures such as cutting down of public expenditure, raising enough revenues and reducing the fiscal deficit so as to promote macroeconomic stability.

On the contrary, the fiscal austerity measures led to the prolonged suffering of the poor as poverty rose to seriously levels. Mostly important, poverty in most developing economies has remained on the rise despite possible interventions. It is not surprisingly to note that the incidence of both rural and urban poverty is sharp and widespread despite the implementation of stabilization and adjustments programmes in some of the developing countries. **The poorly designed fiscal austerity measures have caused a long period of disproportionately suffering among the poor in many developing countries.** Governments in developing countries should shift from the perception of being an obstacle but a catalyst of development through their action in sustaining fiscal stabilization and adjustment measures.

Monetary Policy

[Sovereign Debt Portfolios, Bond Risks, and the Credibility of Monetary Policy](#) (2016)

Wenxin Du; Carolin E. Pflueger; Jesse Schreger; - Federal Reserve Board; Sauder School of Business; Harvard Business School

Abstract: Nominal debt provides consumption-smoothing benefits if it can be inflated away during recessions. However, the authors document empirically that countries with more countercyclical inflation, where nominal debt provides better consumption-smoothing, issue more foreign-currency debt. **The authors propose that monetary policy credibility explains the currency composition of sovereign debt and nominal bond risks in the presence of risk-averse investors.** In the authors' model, low credibility governments inflate during recessions, generating excessively countercyclical inflation in addition to the standard inflationary bias. With countercyclical inflation, investors require risk premia on nominal debt, making nominal debt issuance costly for low credibility governments. The authors provide empirical support for this mechanism, showing that countries with higher nominal bond-stock betas have significantly larger nominal bond risk premia and borrow less in local currency.

The Bank of Japan at the policy frontier (2016)

Stephen Cecchetti and Kim Schoenholtz - Brandeis International Business School; NYU Stern School of Business

Abstract: The Bank of Japan has recently implemented one of the largest central bank policy shifts in modern times, raising its inflation target explicitly to 2% and kicking off the most rapid balance sheet expansion among the leading central banks. This report assesses this policy decision and its potential pitfalls, and compares it to similar policies enacted in the past. Unless policy has a significantly larger impact on financial conditions going forward than it has to date, the revised framework will likely be insufficient to achieve the Bank's inflation target any time soon.

Fiscal Policy and Budget Management

Public debt, austerity measures and the international covenant on economic, social and cultural rights (2016)

UN Committee on Economic, Social and Cultural Rights

Abstract: According to United Nations principles, the adoption of fiscal consolidation programmes may be necessary for the implementation of economic and social rights. If such programmes are not implemented with full respect for human rights standards and do not take into account the obligations of States towards the rights holders, however, they may adversely affect a range of rights protected by the International Covenant on Economic, Social and Cultural Rights. Most at risk are labour rights, including the right to work (art. 6), the right to just and favourable conditions of work, including the right to fair wages and to a

minimum wage that provides workers with a decent living for themselves and their families (art. 7), the right to collective bargaining (art. 8), the right to social security, including unemployment benefits, social assistance and old-age pensions (arts. 9 and 11), the right to an adequate standard of living, including the right to food and the right to housing (art. 11), the right to health and access to adequate health care (art. 12) and the right to education (arts. 13-14). Low-income families, especially those with children, and workers with the lowest qualifications are disproportionately affected by measures such as job cuts, minimum wage freezes and cutbacks in social assistance benefits, which potentially result in discrimination on the grounds of social origin or property (art. 2 (2)). Moreover, reductions in the levels of public services or the introduction of or increase in user fees in areas such as childcare, and preschool education, public utilities and family support services have a disproportionate impact on women, and thus may amount to a step backwards in terms of gender equality (arts. 3 and 10). **The Committee has prepared the statement with a view to providing guidance to States parties and other actors on the scope of their obligations under the Covenant in relation to incurring debt.**

A Balancing Act: Reform Options for Paraguays Fiscal Responsibility Law (2016)

Antonio David ; Natalija Novta - International Monetary Fund

Abstract: Paraguay faces a trade-off between building fiscal credibility and amending the existing fiscal rule to accommodate infrastructure investment and provide space for countercyclical policies. In this paper, the authors discuss several alternative fiscal rules for Paraguay and present simulations of debt trajectories in each case, assuming a baseline and three deterministic shock scenarios. The authors provide a supplementary Excel file to replicate debt simulations under different fiscal rules. **The results suggest that potential modifications to make the fiscal rules more flexible in Paraguay should be accompanied by a number of safeguards that enhance credibility of the fiscal anchor and preserve sustainability.**

Fiscal Decentralization and Local Budget Deficits in Viet Nam: An Empirical Analysis (2016)

Peter J. Morgan; Long Q. Trinh - ADB Asian Development Bank Institute

Abstract: Since 1975, Viet Nam has gradually decentralized more fiscal responsibilities to local authorities. This study has two objectives: (i) to take stock of the current institutional framework for intergovernmental fiscal relations in Viet Nam, and (ii) to empirically assess the debt sustainability of local governments in Viet Nam. The empirical analysis uses two estimation methods: (i) fully modified ordinary least squares (OLS) to estimate the long-term correlations between co-integration equations, including vectors of co-integration variables, and stochastic regressor innovations; and (ii) fiscal reaction equations at the provincial level, based upon the Bohn (2008) model. **The empirical results suggest that deficit levels are generally sustainable at the local level.**

Saudi Arabia - Selected issues (2016)

Assem Algursan, Fahad Alhumaidah, Ryadh Alkhareif, Kusay Al Khunaizy, Khalid AlSaeed, Salah Alsayaary, Nabil Ben Ltaifa, Tim Callen, Keiko Honjo, Ken Miyajima, Malika Pant, Guilherme Pedras, Fares Rawah and Gazi Shbaikat - IMF International Monetary Fund

Abstract: To meet large financing needs over the coming years, Saudi Arabia has multiple financing options. It can draw down the large stock of government deposits held at the central bank, sell other financial assets, or borrow domestically or abroad. This paper uses an asset-liability management framework to discuss the benefits and risks as well as the macroeconomic implications of each of these options, and illustrates some of these aspects through a simulation analysis. It also reviews a number of policies that will help expand the investor base and reduce financing costs, while having broader positive implications for the economy. **In particular, establishing a benchmark yield curve will encourage the development of the domestic debt market. Moreover, the fiscal and debt management frameworks and policies need to be strengthened in order to mobilize domestic savings and attract foreign financing.**

Subnational Bond Markets

Subnational debt management performance assessment (DEMPA) methodology (2016)

Lilia Razlog - World Bank Group

Abstract: Subnational debt levels in developing countries are becoming increasingly significant as central governments continue to decentralize spending responsibilities, revenue-raising authority, and borrowing rights to subnational governments1 (SNGs). The trend began in the 1990s and is now prevalent in developing countries with both federal and unitary political systems. The World Bank, in

collaboration with other partners, has developed a global knowledge program on subnational fiscal reform and debt management. **The program aims to strengthen developing countries' institutional capacity to maintain subnational fiscal sustainability and prudent debt management alongside a stable macroeconomic framework; effective infrastructure finance to support inclusive growth; and capital market development.** A key component of this global knowledge program is the application of the Debt Management Performance Assessment (DeMPA) methodology for SNGs. […]

Determinants of sub-sovereign bond yield spreads: the role of fiscal fundamentals and federal bailout expectations (2016)

Roland Beck, Gianluigi Ferrucci, Arno Hantzsche, Matthias Rau-Goehring - European Central Bank; University of Nottingham

Abstract: This paper investigates to what extent yield spreads on bonds issued by sub-sovereign entities within federations are driven by bailout expectations and investors' risk appetite, as opposed to fundamental values related to default risk. The question is analysed both across and within federations using a novel dataset for sub-sovereign governments that includes Australian states, Canadian provinces, Swiss cantons, German Länder, US states, Spanish communities, and Indian states. **The paper finds that, regardless of the prevailing set-up of the federal system, sub-sovereign debt levels relative to GDP and global risk aversion are important drivers of sub-sovereign spreads.** Moreover, within federations, the market's expectation of a federal bailout of the sub-sovereign entity and the capacity of the federal government to provide support to the weaker members of the federation affect the extent to which fundamental factors are priced into spreads. **In particular, the paper shows that the positive link between debt and risk premia tends to break down when sub-sovereign government debt rises above certain thresholds.** This could reflect the market's expectation of a federal bailout as fundamentals deteriorate. Additionally, larger sub-sovereign entities tend to pay higher premia as fundamentals worsen which could be linked to the limited capacity of the federal government to provide support as the size of the expected bailout increases. A pattern of rising risk premia as fundamentals worsen is also found for sub-sovereign entities when the central government faces borrowing constraints.

Frameworks for Central-Local Government Relations and Fiscal Sustainability (2016)

Peter J. Morgan; Long Q. Trinh - ADB Asian Development Bank Institute

Abstract: Sustainable and inclusive growth in emerging Asian economies requires continued high levels of public sector investment in areas such as infrastructure, education, health, and social services. These responsibilities, especially with regard to infrastructure investment, need to be devolved increasingly to the regional government level. However, growth of sources of revenue and financing for local governments has not necessarily kept pace, forcing them, in some cases, to increase borrowing or cut spending below needed levels. **This paper reviews alternative models of the relationship between central and local governments, and provides an overview and assessment of different financing mechanisms for local governments, including tax revenues, central government transfers, bank loans, and bond issuance, with a focus on the context of emerging Asian economies.** The paper also reviews financing mechanisms for local governments and mechanisms for maintaining fiscal stability and sustainability at both the central and local government levels. Based upon the evidence on the decentralization process in Asia, it proposes some policy implications for improving central-local government relations and fiscal sustainability.

Public Debt in Macroeconomic Analysis

Trade Costs of Sovereign Debt Restructurings : Does a Market-Friendly Approach Improve the Outcome? (2016)

Mr. Tamon Asonuma ; Marcos Chamon ; Akira Sasahara - IMF

Abstract: Sovereign debt restructurings have been shown to influence the dynamics of imports and exports. This paper shows that the impact can vary substantially depending on whether the restructuring takes place preemptively without missing payments to creditors, or whether it takes place after a default has occurred. **The authors document that countries with post-default restructurings experience on average: (i) a more severe and protracted decline in imports, (ii) a larger fall in exports, and (iii) a sharper and more prolonged decline in both GDP, investment and real exchange rate than preemptive cases.** These stylized facts are confirmed by panel regressions and local projection estimates, and a range of

robustness checks including for the endogeneity of the restructuring strategy. The authors' findings suggest that a country's choice of how to go about restructuring its debt can have major implications for the costs it incurs from restructuring.

[Does Gross or Net Debt Matter More for Emerging Market Spreads?]() (2016)

Metodij Hadzi-Vaskov; Luca Antonio Ricci - International Monetary Fund

Abstract: Does gross or net debt matter for long-term sovereign spreads in emerging markets? The topic is important for understanding the borrowing cost implications of public asset liability management decisions (e.g. using assets to lower debt). **The authors investigate this question using data on emerging market economies (EMEs) over the period 1998–2014.** The authors find that both gross debt and assets have a significant impact on long-term sovereign bond spreads in emerging markets, with effects roughly offsetting each other (coefficients of opposite sign and similar magnitude). Hence, net debt seems more appropriate than gross debt when evaluating the impact of indebtedness on spreads. **The empirical results suggest that an increase in net debt by 10 percentage points of GDP implies an increase in the spread by 100–120 basis points, and the effect is larger during periods of domestic distress.** The key results from this empirical study are quite robust to alternative specifications and subgroups of EMEs.

[Lost and Found: Market Access and Public Debt Dynamics]() (2016)

Carlo Cottarelli; Andrea Presbitero; Antonio Bassanetti - International Monetary Fund; Bank of Italy

Abstract: The empirical literature on sovereign debt crises identifies the level of public debt (measured as a share of GDP) as a key variable to predict debt defaults and to determine sovereign market access. This evidence has led to the widespread use of (country-specific) debt thresholds to assess debt sustainability. **The authors argue that the level of the debt-to-GDP ratio, whose use is justified on a theoretical and empirical ground, should not be the only fiscal metric to assess the complex relationship between public debt and debt defaults/market access.** In particular, the authors show that, in a large panel of emerging markets, the dynamics of the debt ratio plays a critical role for market access. In particular, given a certain level of debt, a steadily declining debt ratio is associated with a lower probability of debt distress/market loss and with a higher likelihood of market re-access once access had been lost.

[Growth recovery in southern Europe : a dozen lessons, old and new]() (2016)

Roumeen Islam - The World Bank

Abstract: Greece, Ireland, Portugal, and Spain entered a period of severe economic and financial stress in the aftermath of the 2008 crisis. Their collective experience confirmed the primacy of total debt, private or public, in affecting the onset of, depth of, and recovery from economic crises. The year 2010 and the years following have demonstrated the ways in which policy responses to crisis-related downturns must be adapted when major international partners experience simultaneous growth slowdowns and markets exhibit increased risk aversion. **This paper compares the recovery experience of these countries in light of recent policy debates and research on the impact of macroeconomic and structural reforms.** It highlights that (a) the quality of the policies adopted to stabilize economies in the short run affects growth recovery in the long run; and (b) macroeconomic policies (fiscal and monetary) are most effective in supporting growth when they take into account structural differences between countries and when policies complement each other. The country experiences indicate that a holistic view of factors affecting investment, exports, and employment is needed to understand the impact of macroeconomic and structural reforms on output. In the absence of such a holistic view, policy may neglect to influence the binding constraints to growth.

[An examination of emerging markets sovereign defaults]() (2016)

Lazard asset management emerging markets debt team

Abstract: As emerging markets countries continue to face downward ratings pressure and as economic growth remains muted, creditor concerns about a new wave of emerging markets sovereign defaults have begun to surface. In order to determine if the current global environment could result in more defaults, this report examines their history and associated conditions. Analysis suggest that while sovereign defaults are rare, especially among investment grade issuers, defaulting nations share certain characteristics that can be used to identify future nonpayers. Default events can also create return opportunities, depending on the speed of debt resolution with creditors and the level of market stress on the outstanding bonds.

[Self-Fulfilling Debt Crises: A Quantitative Analysis]() (2016)

Luigi Bocola; Alessandro Dovis - Northwestern University; University of Pennsylvania

Abstract: This paper uses the information contained in the joint dynamics of government's debt maturity choices and interest rate spreads to quantify the importance of self-fulfilling expectations in sovereign bond markets. The authors consider a model of sovereign borrowing featuring endogenous debt maturity, risk averse lenders and self-fulfilling rollover crises á la Cole and Kehoe (2000). In this environment, interest rate spreads are driven by economic fundamentals and by expectations of future self-fulfilling defaults. These two sources of default risk have contrasting implications for the debt maturity choices of the government. Therefore, they can be indirectly inferred by tracking the evolution of the maturity structure of debt during a crisis. The authors fit the model to the Italian debt crisis of 2008-2012, finding that 12% of the spreads over this episode were due to rollover risk. The authors' results have implications for the effects of the liquidity provisions established by the European Central Bank during the summer of 2012.

[Trade and development report, 2016]

UNCTAD – United Nations conference on Trade and Development

Abstract: The world economy in 2016 is in a fragile state, with growth likely to dip below that registered in both 2014 and 2015. The mediocre performance of developed countries since the 2008–2009 economic and financial crisis is set to continue, with the added threat that the loss of momentum in developing countries over the past few years will be greater than previously anticipated. With investors exiting developing and transition economies, net capital flows turned negative in the second quarter of 2014, and amounted to -$656 billion in 2015 and -$185 billion in the first quarter of 2016. **Even though there was a respite in the second quarter of 2016, there remains a risk of deflationary spirals in which capital flight, currency devaluations and collapsing asset prices would stymie growth and shrink government revenues, and cause heightened anxiety about the vulnerability of debt positions.**[…]

[Correlation changes between the risk-free rate and sovereign yields of euro area countries] (2016)

Roberto De Santis; Michael Stein - European Central Bank; University of Duisburg-Essen

Abstract: In this paper the authors study correlations between the risk-free rate and sovereign yields of ten euro area countries using smooth transition conditional correlation GARCH (STCC-GARCH) specifications, controlling for credit risk in mean and variance equations and conditioning non-linearly to liquidity risk. Correlations are state-dependent and heterogeneous across jurisdictions. Using panel vector autoregression models, the authors identify the macro factors influencing the correlations: interbank credit risk, the Greek crisis, and break-up risk. The authors show that the European Central Bank's asset purchase programmes helped restore the pass-through relationship. The authors also make a methodological contribution by estimating all STCC-GARCH parameters at once and introducing an STCC-GARCHX.

[Credit Risk Spillovers, Systemic Importance and Vulnerability in Financial Networks] (2016)

Inna Grinis - London School of Economics & Political Science (LSE)

Abstract: How does the change in the creditworthiness of a financial institution or sovereign impact its creditors' solvency? The author addresses this question in the context of the recent European sovereign debt crisis. Considering the network of Eurozone member states, interlinked through investment cross-holdings, the author models default as a multi-stage disease with each credit-rating corresponding to a new infection phase, then derives systemic importance and vulnerability indicators in the presence of financial contagion, triggered by the change in the creditworthiness of a network member. The author further extends the model to analyse not only negative, but also positive credit risk spillovers.

[Government Debt and Capital Structure Decisions: International Evidence] (2016)

Irem Demirci; Jennifer Huang; Clemens Sialm - University of Mannheim; Cheung Kong Graduate School of Business; University of Texas at Austin

Abstract: This paper investigates the impact of government debt on corporate financing decisions. The authors document a negative relation between government debt and corporate leverage using data on 40 countries between 1990-2014. This negative relation holds only for government debt that is financed domestically, and is stronger for larger and more profitable firms and in countries with more developed equity markets. In order to address potential endogeneity concerns, the authors use an instrumental variables approach based on military spending and a quasi-natural experiment based on the introduction of the Euro currency. The authors' findings suggest

that government debt crowds out corporate debt.

Government Debt and Risk Premia (2016)

Yang Liu - University of Pennsylvania

Abstract: The author documents that government debt is related to risk premia in various asset markets: (i) the debt-to-GDP ratio positively predicts excess stock returns with out-of-sample R-squared up to 30% at a five-year horizon, outperforming many popular predictors; (ii) the debt-to-GDP ratio is positively correlated with credit risk premia in both corporate bond excess returns and yield spreads; (iii) higher debt-to-GDP ratio is associated with lower real risk-free rates, (iv) higher debt-to-GDP ratio corresponds to lower average expected returns on government debt; (v) debt-to-GDP ratio positively comoves with fiscal policy uncertainty. **The author rationalizes these empirical findings in a general equilibrium model featuring recursive preferences, endogenous growth, distortionary taxation, and time-varying fiscal uncertainty.** In the model, the tax risk premium is sizable and its time variation is driven by fiscal uncertainty. Furthermore, the model generates an endogenous relationship between the debt-to-GDP ratio and fiscal uncertainty. Fiscal uncertainty increases debt valuation through lower government discount rate. This mechanism is reinforced as higher debt conversely raises uncertainty because of future fiscal consolidations.

Public Debt Analysis Based on Sustainability Indicators (2016)

Doina Dascalu - Spiru Haret University

Abstract: This article is an analysis of public debt, in terms of sustainability and vulnerability indicators, under a functioning market economy. The problems encountered regarding the high level of public debt or the potential risks of budgetary pressure converge to the idea that sustainability of public finances should be a major challenge for public policy. Thus, the policy adequate to address public finance sustainability must have as its starting point the overall strategy of the European Union, as well as the economic development of Member States, focusing on the most important performance components, namely, reducing public debt levels, increasing productivity and employment and, last but not the least, reforming social security systems. In order to achieve sustainable levels of public debt, the European Union Member States are required to establish and accomplish medium term strategic budgetary goals to ensure a downward trend in public debt.

The Eurozone 'Debt' Crisis: Another 'Center' 'Periphery' Crisis Under Financial Globalization? (2016)

Arturo O'Connell – Independent

Abstract: This paper analyzes the Euro crisis in light of the experience of center-periphery relations over the last 40 years of renewed financial globalization. The crisis shows the characteristic pattern evident in so many other crises in the developing world: i.e. "boom" and "bust" phases of cross-border financial flows of massive magnitude, dominated by "push" factors from the center. Financial institutions at the center play a crucial role. The "boom" phase leads to serious imbalances in the peripheral economies - losses of competitiveness among them – ending in a "sudden-stop" that poses acute problems for the overexposed creditors, which then turn to their own governments for bailouts. The paper shows that "center" creditor institutions largely fund themselves in international financial markets so that their lending – providing purchasing power to finance spending – has little to do with country to country transfers of savings. When the "sudden-stop" arrives the problem therefore is not that of returning savings to the poor depositors in those institutions but of extricating them from their large exposure to borrowers in difficulties in the "periphery". **A "triangular bail-out" process, a "revolving-door" strategy, has become conventional under which instead of governments in the center openly bailing out their financial houses, official institutions provide some fraction of the debt service to borrowing governments in the form of new debt, for them to add to the extremely demanding burden of fiscal surpluses – arising from deflationary austerity policies – needed to avoid having to register as "non-performing" a menacing volume of credits "outstanding".**

Optimal Domestic (and External) Sovereign Default (2016)

Pablo D'Erasmo; Enrique G. Mendoza - Federal Reserve Bank of Philadelphia; University of Pennsylvania

Abstract: Infrequent but turbulent episodes of outright sovereign default on domestic creditors are considered a "forgotten history" in Macroeconomics. **The authors propose a heterogeneous-agents model in which optimal debt and default on domestic and foreign creditors are driven by distributional incentives and endogenous default costs due to the value of debt for self-insurance, liquidity and risk-sharing.** The government's aim to redistribute resources across agents and through time in response to

uninsurable shocks produces a rich dynamic feedback mechanism linking debt issuance, the distribution of government bond holdings, the default decision, and risk premia. Calibrated to Spanish data, the model is consistent with key cyclical co-movements and features of debt-crisis dynamics. Debt exhibits protracted fluctuations. Defaults have a low frequency of 0.93 percent, are preceded by surging debt and spreads, and occur with relatively low external debt. Default risk limits the sustainable debt and yet spreads are zero most of the time.

Web Resources

Primary Market

An emerging threat

The Economist - The Economist Newspaper Limited 2016

Investors are buying emerging-market bonds as the fundamentals are deteriorating. When the returns on cash and government bonds in the developed world are zero, or even negative, it is hardly surprising that investors are casting their nets more widely. In the process the "search for yield", as it has been called, has inevitably turned its attention to emerging markets. One or two decades ago, emerging-market sovereign debt might have been the only beneficiary of these flows. But government bonds do not offer such a juicy return these days; the yields on ten-year bonds issued by Malaysia and the Philippines, for example, are around 3.6%. […]

A Government funding tool: The Designated Market Maker program and the Bond market in Peru

Edmundo R. Lizarzaburu Gabriela Barriga A. – Espacios

The needs of capital and money for develop in emerging economies and the use of the bond market in this economies have develop a new important alternatives one of this are the called Designated Market Maker (DMM) program. This paper is based on the information of the Minister of Economy and Finance from Peru and explains the DMM, his benefits and requirements, showing the evolution of the sovereign bond market in Peru.[…]

Big picture remains positive

Joseph Mariathasan - IPE Investment & Pensions Europe

The prospects for emerging market debt in the world's main regions are surveyed, taking into account developments in China, India, Brazil and the Persian Gulf.

Reinforcing the Eurozone and protecting an open society: refugee bonds

Giancarlo Corsetti, Lars Feld, Ralph Koijen, Lucrezia Reichlin, Ricardo Reis, Hélène Rey, Beatrice Weder di Mauro - University of Cambridge; University of Freiburg; London Business School; CEPR; Gutenberg University; Mainz London School of Economics

The large wave of refugees arriving from the Middle East and Northern Africa is one of the major challenges facing the EU today. In this column, the authors of the 2nd Monitoring the Eurozone report outline their proposal for one measure to help deal with the refugee crisis–EU refugee bonds. EU-wide bonds are an appropriate way to finance the response to the crisis due to the immediate costs for some countries and the future benefits for others of integrating refugees.[…]

Advances in pay-as-bid auctions

Kyle Woodward – UCLA

The pay-as-bid and the uniform-price auction formats are used to allocate trillions of dollars of goods annually. However, which of these formats yields better outcomes is an open question. This report discusses recent advances in the understanding of these auctions in the context of an ongoing debate regarding the optimal auction format.[…]

Dealer information sharing in US Treasury auctions

Nina Boyarchenko David Lucca Laura Veldkamp - Federal Reserve Bank of New York - New York University

Information sharing has come under increased scrutiny in the context of interbank lending, foreign exchange markets, and US Treasury auctions. This report explores the benefits and drawbacks of information sharing by dealers in US Treasury auctions. Information sharing is found to benefit first and foremost the issuer, i.e. the Treasury. The model provides insight on auction revenue, risk-sharing, and the decision to bid through a dealer, with information sharing having a sizeable effect on each. […]

Secondary Market

[Liquidity in government bonds - from the British Empire to the Eurozone]

Matthieu Chavaz Marc Flandreau - Bank of England - Graduate Institute Geneva

Between 1870 and 1914, 68 countries – both sovereign and British colonies – used the London Stock Exchange to issue bonds. This report argues that bond prices and spreads in this period show that the colonies' semi-sovereignty lowered credit risk at the price of higher illiquidity risk, and further worsened liquidity by attracting investors that rarely traded. Parallels between Eurozone and colonial bonds suggest that the pricing of liquidity and credit in government bond markets is an institutional phenomenon. […]

Repo Market

[The (impossible) Repo trinity]

Daniela Gabor - University of the West of England

After Lehman, central banks and the Financial Stability Board recognized the impossible nature of the repo trinity, attributing cyclical leverage, fire sales and elusive liquidity in collateral markets, including government bond markets, to free repo markets. Central banks, with the Bank of England leading the way, now accept that financial stability means supporting liquidity in collateral markets in times of stress rather than supporting banking institutions as in the traditional lender of last resort (LOLR) model. Paradoxically, LOLR support, implemented through repo loans, can destabilize (shadow) banks where central banks' collateral framework follows collateral market valuations. […]

Multilateral Debt

[Jamaica's new IMF agreement to support growth, create jobs]

IMF International Monetary Fund

The International Monetary Fund approved a new $1.64 billion loan for Jamaica, intended as insurance to support the country's ongoing reform program to tackle poverty, create jobs, and improve living standards. With the economic progress achieved so far, Jamaica no longer has a need for IMF financing support, given the country has regained access to domestic and international capital markets. Therefore, this new precautionary IMF loan supports the government's growth-and employment-focused reform agenda by providing an insurance against unanticipated external shocks—for example, a sharp increase in oil prices, global market volatility, or natural disasters. The precautionary arrangement also helps provide certainty of policy continuity and macroeconomic discipline.[…]

Legal Issues and Conventions

[Creditor participation clauses: making orderly sovereign debt restructuring feasible in the Eurozone]

Jochen Andritzky, Lars Feld, Christoph Schmidt, Isabel Schnabel, Volker Wieland - German Council of Economic Experts, University of Freiburg, RWI Essen, University of Bonn, Institute for Monetary and Financial Stability, Goethe University, CEPR Research Fellow

To make the no-bailout clause credible and to enhance the effectiveness of crisis assistance, private creditors should contribute to crisis resolution in the Eurozone. This column proposes a mechanism to allow for orderly restructuring of sovereign debt as part of ESM programmes. If debt exceeds certain thresholds, the mechanism triggers an immediate maturity extension. In a second stage, a deeper debt restructuring could follow, depending on the solvency of a country. The mechanism could be easily implemented by amending ESM guidelines.[…]

[Risk-weighting sovereign debt is the wrong way to go]

Erik F. Nielsen - Unicredit Bank

The third leg of European banking union, the common deposit insurance scheme, has been postponed until an unspecified reduction in bank risk has been achieved. A reduction in banks' domestic sovereign exposure has (mostly rightly) been identified as an objective, potentially via risk-weighting sovereigns. However, risk-weighting sovereigns is the wrong way to go because it both undermines the most fundamental concepts of government and governance (trust), and would build a strongly pro-cyclical element into policy making. There are simpler and better ways to achieve standardised limits on banks' exposure to sovereigns. […]

[GDP-linked bonds: a new design for sovereign debt markets]

Leland Goss - ICMA International Capital Market Association

A model set of terms and conditions, or "term sheet," for GDP-linked sovereign bonds has been prepared by an ad hoc working group consisting of investment managers, lawyers and economists from the Bank of England, together with support from ICMA and other trade associations.[…]

Risk management Models

[Business Continuity Management Current Trends and Best Practices]

Alessandro Caillat - The World Bank Treasury Corporate Services

Business Continuity Management (BCM) addresses subset of OR risks outside organization's control. It is an integral part of the overall risk management program of financial industry participants and financial authorities. [...]

[Operational Risk Management - December 7, 2016 Webinar video]

World Bank Treasury

In this webinar, Nilufer Turan, Head of the Operational Risk Management Department of the Turkish Treasury, and Carla Searle, Operational Risk and Compliance Manager of the United Kingdom Debt Management Office, presented their countries' experiences in developing and applying an Operational Risk Management framework. Alessandro Caillat, Senior Financial Officer from the Treasury Corporate Services of the World Bank, provided an overview of business continuity management at the World Bank Treasury.

[Operational Risk Management Framework]

Carla Searle - UK DMO

The Bank for International Settlements (BIS) defines Operational Risk as: 'The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.'[...]

[Operational Risk Management Framework in Turkish Treasury Public Finance]

Nilüfer Turan - The Undersecretariat of Turkish Treasury

Operational Risk Management is a process to identify, monitor and effectively manage and take the necessary measures to control the operational risks to which the Undersecretariat of Treasury, General Directorate of Public Finance (GDPF) is exposed within the framework of its institutional aims and objectives. [...]

Institutional Framework

[Reinforcing the Eurozone and protecting an open society]

Giancarlo Corsetti, Lars Feld, Ralph Koijen, Lucrezia Reichlin, Ricardo Reis, Hélène Rey, Beatrice Weder di Mauro - University of Cambridge, University of Freiburg, London Business School, CEPR Research Fellow, London Business School, Gutenberg University Mainz, London School of Economics

Europe has failed to design institutions robust enough to weather difficult times, as the sovereign debt and refugee crises prove. This column introduces CEPR's new monitoring the Eurozone report, reinforcing the Eurozone and protecting an open society, which argues that coordinated actions are urgently needed. The institutional changes proposed by the authors are politically feasible and would help restore prosperity to the Eurozone.[…]

[Sovereign and banking risk: completing the union and breaking the loop]

Giorgio Barba Navaretti, Giacomo Calzolari, Alberto Pozzolo - University of Milan, Bologna University, University of Molise

Eurozone countries are facing a stalemate in the completion of the Banking Union, at the heart of which is the regulation of banks' sovereign exposures. This column introduces the latest issue of European economy, which examines the interactions between banks and sovereign risk, the build- up of sovereign risk during the crisis, and the policy proposals on the table to severe the loop and, more broadly, to finally complete the Banking Union.[…]

[The objectives of financial stability policy]

Paul Tucker - Harvard Kennedy School

The objective of financial stability policy is unclear. Is it the resilience of the financial system, avoiding the costs of systemic collapse, or managing the credit cycle, containing the costs of resource misallocation and over-indebtedness? This column argues that the answers have serious implications for what can decently be delegated to independent 'macroprudential authorities', but have barely been debated in those terms.[…]

[Strengthening Eurozone fiscal governance]

Clemens Fuest - CESifo GmbH

Progress has been made in overcoming the debt crisis in the euro area, but there is still a need for further adjustments. Efforts to consolidate public finances appear to be flagging and are meeting with political resistance. Fiscal policy governance, or the coordination of fiscal policy and the monitoring and correction of debt policy, is seriously flawed. The European Fiscal Compact stipulates that member states reduce their budget deficits, or deficits adjusted for cyclical effects, towards an upper ceiling of 0.5% of GDP. In reality, however, structural deficits are rising in many countries. Further reforms to fiscal policy rules are urgently needed as a result. On no account should these reforms include a further loosening of deficit rules. Accountability bonds would prevent individual member states from passing on the costs of excessive debt to the community of Eurozone member states via collective liability within the framework of ESM programmes or bond purchases by the ECB. This would reinforce fiscal policy coordination in Europe and supplement it with an element of market discipline. […]

Accounting, Transparency and Accountability

Supplements to the statistical bulletin. Monetary and financial Indicators - The Public Finance, Borrowing Requirement and Debt, No. 62 - 2016

Bank of Italy

This bulletin collects monthly statistics on the general government borrowing requirement and gross debt broken down into the sub-sectors central government, local government, and social security agencies.

Supplements to the Statistical Bulletin - Monetary and Financial Indicators - Public Finance Statistics in the European Union, No. 64 - 2016

Bank of Italy

Data refer to the consolidated general government non-financial accounts and gross debt of the European Union countries and of the remaining G-7 countries (the United States, Japan and Canada) for the years 1980-2015. The time series in this publication cover the period 1997-2015. The complete series for the years 1980-2015 can be consulted through the electronic Statistical Database.

Main Economic Indicators, Volume 2016 Issue 11

Organisation for Economic Co-operation and Development – OECD

The monthly Main Economic Indicators (MEI) presents comparative statistics that provide an overview of recent international economic developments for the 35 OECD countries, the euro area and a number of non-member economies.

Quarterly National Accounts, Volume 2016 Issue 2

Organisation for Economic Co-operation and Development – OECD

The OECD's Quarterly National Accounts contains a selection of the accounts most widely used by economic analysts: GDP by expenditure and by industry, gross fixed capital formation by asset, gross fixed capital formation by institutional sector, and components of disposable income are all shown at both current and constant prices. Saving and Net lending and GDP by income at current prices are also provided as well as population and employment data (national concept) and employment by industry (domestic concept).

Government finance statistics

Eurostat

Eurostat report examines how key government finance statistics have developed in the European Union (EU) and the euro area(EA-19).Specifically, it considers public (general government) deficits, gross debt, revenue and expenditure, as well as taxes and social contributions, which are the main sources of government revenue.[…]

DMOs Programmes and Reports

Auction Schedule for 2017

Brazilian National Treasury

The majority of the domestic bonded debt issuances take place in a competitive manner, through auctions held by the National Treasury, through Selic, Central Bank's electronic system. In the beginning of each month, the National Treasury releases the Auctions Schedule, which indicates the auctions and settlement dates, as well as the bonds, maturities and maximum amount that will be offered in each event.

Brazil Monthly Debt Report - November 2016

Brazilian National Treasury

The Brazilian National Treasury has released the Federal Public Debt Monthly Report for November 2016. Please find below the main points announced: 1. Primary Market Transactions - Federal Public Debt (FPD) issuances reached BRL 39.36 billion, while redemptions corresponded to BRL 14.45 billion, resulting in net issuances of BRL 24.91 billion. Of the total net issuances, BRL 25.30 billion refers to net issuances of Domestic Federal Public Debt and BRL 0.39 billion refers to net redemptions of External Federal Public Debt. 2.[…]

[Cyprus Quarterly Debt Bulletin No.23:3rd Quarter 2016]
Ciprus Ministry of Finance - Public Debt Management Office

In July a €1 billion benchmark 7-year Euro Medium Term Note of 3,75% coupon rate (3,80% yield rate) was issued. The issuance attracted in particular interest by Fund Managers (62% share) and Banks (22% share). A broad geographical distribution was achieved consisting mainly of investors from the UK (28%), US offshore (24%) and the rest of Europe (28%). The orderbook reached €2,5 billion. The weighted average yield in the 13-week Treasury Bill auction in September decreased to 0,61% from 0,89% in the corresponding auction in June. Moreover, the bid-to-cover ratio in the September auction increased to 1,7 from 1,1 recorded in the June auction.[…]

Public Debt Report 2015
Italian Ministry of Economy and Finance

The debt-to-GDP ratio for 2015 totalled 132.7 percent, slightly above that of 2014. After seeing a continual rise in this ratio over many years (it had increased on average 4.7 percent each year since 2007), 2015 represents the first year to show substantial stabilisation. Essentially, three factors contributed to this result: the best figure, in terms of expectations, for nominal GDP growth, which reached 1.5 percent (the GDP deflator was at 0.8 percent); strong improvement in the general government borrowing requirement, at approximately 3.2 percent of GDP (approximately €18 billion lower than in 2014, as described above); and finally, the reduction in the Treasury's available liquidity of around €11 billion, which entailed a reduction in the issues of securities for coverage of the borrowing requirement.[...]

Quarterly outlook Q4 2016
Dutch State Treasury Agency

This Quarterly outlook provides an update of the funding requirement for 2016, presents the issuance calendar for the fourth quarter of 2016 and gives a first estimate of the funding need in 2017. Moreover, this outlook discusses the latest economic and budgetary projections for the Netherlands and reveals the launch date of the Outlook 2017.

Monetary Policy

A lesson from the Great Depression that the Fed might have learned: a comparison of the 1932 open market purchases with quantitative easing
Michael Bordo, Arunima Sinha - Rutgers University, Fordham University

In the wake of the Great Recession, the Federal Reserve took unprecedented measures to stem economic decline. This column uses the Fed's open-market operations in 1932,another period of short-term rates near the zero lower bound, as a comparison for the QE1 operation of 2008-09. Although the 1932 policy boosted output and inflation, if the Fed had announced the operation in advance and carried it out for a full year,the Great Depression could have been attenuated considerably earlier[…]

German Council of Economic Experts' view of ECB policy: results of the CFM - CEPR survey
Wouter den Haan, Martin Ellison, Ethan Ilzetzki, Michael McMahon, Ricardo Reis - London School of Economics, University of Oxford, University of Warwick, CEPR Research Fellow

A recent report by the German Council of Economic Experts argues that the current monetary policy of the ECB is no longer appropriate and is masking structural problems in Eurozone countries. The November 2016 Centre for Macroeconomics and CEPR expert survey invited views on the report. More than three-quarters of respondents disagree that ECB monetary policy should become less accommodating, and respondents also disagree that ECB policy is masking structural reforms. The panel is divided, however, on whether ECB policy is making implementation of structural reforms less likely.[…]

Why the ECB should not insist on repayment of its Greek bonds
Paul De Grauwe, Yuemei Ji - London School of Economics, University College London

When the ECB buys a Eurozone member's bonds, the government pays interest to the ECB but the ECB rebates it to the government. If Greece repays its ECB-held bonds, it loses this 'free borrowing'. This column argues that repayment is like 'reverse QE'. To maintain its QE targets, more bonds from other EZ members must be bought–thus shifting the free borrowing from Greece to other EZ members. To avoid this perverse outcome, the ECB could extend the maturity of the Greek bonds. […]

Unconventional monetary policy: Effectiveness and risks
Bank of Italy

The workshop focused on the effectiveness and possible risks of unconventional monetary policy, with special attention devoted to the asset purchase programme (APP) and other measures adopted by the Governing Council of the ECB. [...]

Public Debt in Macroeconomic Analysis

OECD Economic Outlook, Volume 2016 Issue 2
Organisation for Economic Co-operation and Development – OECD

The OECD Economic Outlook is the OECD's twice-yearly analysis of the major economic trends and prospects for the next two years. The Outlook puts forward a consistent set of projections for output, employment, prices, fiscal and current account balances. Coverage is provided for all OECD member countries as well as for selected non-member countries. This issue includes a general assessment, a special chapter on promoting productivity and equality, a chapter summarising developments and providing projections for each individual country and a statistical annex.

A higher global risk premium and the fall in equilibrium real interest rates
Kevin Daly - Goldman Sachs

There is an increasing consensus that global 'excess saving' has contributed to a reduction in equilibrium real interest rates. This implies a decline in yields of all assets including, but not restricted to, government bond yields. This column argues that since the turn of the century, the global economy has also been characterized by a rise in the yields on quoted equity, a feature for which the standard excess saving story cannot easily account. A separate explanation is that an increase in the global risk premium has increased the wedge between risk-free interest rates and the real required return on risky investments […]

G-20 finance ministers, central bankers' communique: full text
Chris Anstey – Bloomberg

This report is a reformatted version of the communiqué issued in Chengdu, China, by the finance ministers and central bank governors of the Group of 20:(1)Group repeats pledge to use "all policy tools" to aid growth (2)Monetary policy alone "cannot lead to balanced growth"[…]

Selected takeaways from the ECB's Sintra forum on "the future of the international monetary and financial architecture"
Vítor Constâncio, Philipp Hartmann - ECB European Central Bank

The ECB's 2016 Sintra forum on central banking focused on the international monetary and financial system. In this column, the organisers of the forum highlight some of the main points from the discussions, including concerns that the world economy may be suffering from a shortage of safe assets and proposals for which areas international regulatory reforms should be further developed.[…]

What is the UK national debt ?
Christopher Chantrill - ukpublicspending.co.uk

The report shows both the historical and current trends in UK national debt. At Budget time in March 2017: The UK National Debt is estimated to be £1.64 trillion. Public Debt in the United Kingdom is principally the debt of the central government. In 2005 the UK National Debt was less that £0.5 trillion. But then came the worldwide financial crisis of 2008 and subsequent recession. The National Debt increased rapidly and went over £1 trillion in 2011. At the end of the 2015-16 fiscal year, the National Debt went over £1.5 trillion. In terms of Gross Domestic Product the UK National Debt in 2005 was about 38 percent of GDP. But in the last ten years, in the wake of the Crash of 2008 and subsequent recession, the National has doubled to over 80 percent GDP, but shows signs of leveling out as a percent of GDP.

Autumn 2016 Economic Forecast: Modest growth in challenging times
European Commission

Commission forecasts 2017 euro area growth of 1.5% and EU growth of 1.6% hindrances to growth and the weakening of supportive factors. Economic growth in Europe is expected to continue at a moderate pace, as recent labour market gains and rising private consumption are being counterbalanced by a number of hindrances to growth and the weakening of supportive factors. In its autumn forecast released today, the European Commission expects GDP growth in the euro area at 1.7% in 2016, 1.5% in 2017 and 1.7% in 2018 (Spring forecast: 2016: 1.6%, 2017: 1.8%). GDP growth in the EU as a whole should follow a similar pattern and is forecast at 1.8% this year, 1.6% in 2017 and 1.8% in 2018 (Spring forecast: 2016:1.8%, 2017: 1.9%).

Africa's rising debt problem
Paul Adams - Africa Research Institute

Average gross domestic product (GDP) growth in Africa is second only to that of South Asia. The improvement of macroeconomic and public sector management since the 1990s is widely praised. Substantial investment in infrastructure is now among the most pressing priorities. Public debt levels are mostly well below 50% of GDP, a rule of thumb being that 40% is sustainable in emerging economies. Global investors' hunt for yield has enabled many African countries to tap international bond markets for the first time. While Eurobond issues are often depicted as evidence of the continent's economic resurgence, they should also encourage close scrutiny of public financial management and debt sustainability. Against a backdrop of falling commodity prices, the US dollar's strength and forecasts for higher global interest rates, this counterpoint highlights the pitfalls of rising debt levels in Africa and underscores measures for mitigating risk […]

Set to breach targets again? Debt and deficit outlooks for southern European Eurozone countries in 2016 & 2017

Caroline Gray – Focus-Economics

After dragging Greece kicking and screaming through a never-ending vicious cycle of fiscal adjustment and output decline, the European Commission seems to be softening in its attitude towards other struggling Eurozone economies. France, Italy, Portugal and Spain, among others, have all repeatedly been given extensions to reduce their debt and deficit levels after recurrent breaches of EU targets have gone unpunished, and the trend looks set to continue as our forecasts show that those economies will underperform again this year and next. Does this mark a shift in mindset within the Commission as to whether the Growth and Stability Pact is fit for purpose? Or rather just tactical maneuvering—or indeed resigned acceptance—in tough political times, as the EU faces unprecedented challenges to its legitimacy and survival? […]

Low long-term rates: bond bubble or symptom of secular stagnation?

Grégory Claeys – Bruegel

Yields on European sovereign bonds have reached historically low levels in 2016. This secular decline in long-term sovereign yields is not limited to the euro area. Why are interest rates currently so low? Are low long-term rates justified by fundamental factors or is it an artificial phenomenon? […]

Debt Sustainability Monitor 2016

European Commission

The Debt Sustainability Monitor 2016 provides an overview of the challenges to public finance sustainability faced by Member States in the short, medium and long term.

Historical Evolution of Public Debt Management

Economic consequences of the 1953 London debt agreement

Gregori Galofré-Vilà, Martin McKee, Christopher Meissner, David Stuckler - University of Oxford, London School of Hygiene and Tropical Medicine, University of California

In 1953,the western allied powers approved the London debt agreement, a radical plan to eliminate half of Germany's external debt and create generous repayment conditions for the remainder. Using new data from the historical monthly reports of the Deutsche Bundesbank, this column argues that the agreement spurred economic growth by creating fiscal space for public investment, lowering costs of borrowing, and stabilising inflation.[…]

Network News

The **What's new on the website** section of the PDM Network site proposes ***a daily selection of Network News on public debt management*** from online newspapers and info providers, as well as the most recent documents and web resources uploaded on the website. Subscribers also receive weekly ***Emerging Sovereign Debt Markets News*** selected by the PDM Secretariat from the ***Thomson Reuters*** © information services.

Annual Reports & Guidelines

go to the "*Information Corner*" on www.publicdebtnet.org

Events and Courses

Newly uploaded

7 December 2016; Online
Operational Risk Management (ORM)

18 January 2017; The Excelsior - Hong Kong
New ISDA Documentation and Protocols: Getting Ready for Margining

1 – 3 February 2017; New York
2017 Endowment and Debt Management Forum

15 – 16 February 2017; OECD Conference Centre, Paris, France
OECD Global Forum on Public Debt Management 2017

21 February 2017; International Capital Market Association (ICMA)– London
ICMA Workshop: European Regulation: An Introduction for Capital Market Practitioners

23 February 2017; etc venues St Paul's, London
European Market Liquidity Conference

1 March 2017; International Capital Market Association (ICMA)– London
ICMA Workshop: Bond syndication practices for compliance professionals and other non-bankers

2 – 3 March 2017; Brussels
News and Fiscal Policy

6 – 8 March 2017; International Capital Market Association (ICMA)– London
Introduction to Primary Markets Qualification (IPMQ)

13 – 17 March 2017; Ljubljana, Slovenia
Government Finance Statistics in SEE

23 – 24 March 2017; London
National Asset-Liability Management Europe

6 – 7 April 2017; NUS Business School - Singapore
Public Debt Markets, Government Expenditures and Fiscal Prudence

6 – 7 April 2017; Nus Business School, Singapore
4th International Conference on Sovereign Bond Markets

10 – 21 April 2017; International Law Institute Washington, D.C.
2017 International Borrowing and Debt Management

Previously signaled

6– 7 April 2017; NUS Business School – Singapore
Public Debt Markets, Government Expenditures and Fiscal Prudence

20 – 21 July 2017; London
The global borrowers and bond investors forum

Communication Corner

Since 2002, the Italian Treasury - Public Debt Office has been organizing study visits and meetings for foreign delegations coming from emerging and less developed countries, aimed at sharing the Italian experience in sovereign debt management. For further info, please contact **Publicdebtnet.dt@dt.tesoro.it**.

REMINDER…

e-LEARNING COURSE MATERIALS
The PDM network website hosts materials from the e-learning course "**ADVANCED RISK MANAGEMENT**" organized by UNITAR thanks to the authorization of the author, Mr. Enrique Cosio-Pascal.
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

As at 17th January 2017, the number of total resources of the PDM Network website is 32,580 (of which 24,884 news, 3,500 documents and 3,000 web resources). This newsletter is sent to 611 Subscribers from emerging and advanced countries.

Special thanks

The PDM Secretariat is grateful to Mauricio Dias Leister (Brazilian MoF) and Cypriot DMO for document contribution.