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This bimonthly newsletter lists all papers, reports, courses and other events about public debt management recently uploaded by the PDM Network Secretariat in the website www.publicdebtnet.org.
The documents considered most interesting by the PDM Network Secretariat are highlighted with a light grey background. The PDM Network Newsletter is published on January, March, May, July, September and November. The PDM Network Secretariat welcomes cooperation on information published on the website. So, please feel free to **suggest any documents, news and events** relevant to the management of public debt by contacting the Secretariat at the following email: publicdebtnet.dt@tesoro.it.

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Highlight

Public Debt Management Conference – Paris, September 4-5, 2019

Italian Treasury – OECD – World Bank Public Debt Management Network

The Public Debt Management Network, an initiative fostered by the OECD, the Italian Treasury and The World Bank, has organized the Public Debt Management Conference, to be held on September 4-5, 2019 at the Headquarters of the OECD in Paris, France. The conference aims at building, sharing and developing knowledge on public debt management. It is among the few events specifically aimed at promoting dialogue among policy makers (debt managers, central bankers, regulators), academics and market practitioners (investors, dealers, market infrastructures' managers), to encourage knowledge sharing and collaboration across organizational and disciplinary boundaries, and to foster the development and dissemination of best practices in public debt management. Please note that registration is now closed as conference capacity has been reached. Read more **TAGS:** Debt Policy; Debt and fiscal/monetary policies; Sovereign debt market; Cost and Risk; Sovereign ALM; Contingent Liabilities; OECD; World Bank; PDM network

Special Focus

Cash is King: Time to fortify cash management
M. Coskun Cangoz - World Bank
Cash management, as a process of collection, distribution and investment of cash, requires provision of reliable data, projection of cash-flows, coordination across institutions; employs treasury single account, and short-term financing instruments such as T-bill and overdraft facility; and generates return for excess liquidity. Managing cash is more important in today's uncertain economic and political environment. Therefore, currency and deposit in both advanced and emerging countries' balance sheet has increased significantly after the global financial crisis. Considering the increasing importance of cash flow forecasting and management, World Bank Treasury developed an excel-based toolkit to support the capacity building efforts of cash managers. Cash Flow Forecasting and Management (CFM) tool deployed in 2018 to be used during the hands-on exercises in the five-day Cash Flow Forecasting and Cash Management Workshop. **Read more** **TAGS:** **Cash Management**; **Debt Policy**; **Debt Forecasts; World Bank**

Debt Management Facility Stakeholders' Forum 2019, May 13-14, 2019, Dakar, Senegal
World Bank
Marking the 10th anniversary of the Debt Management Facility (DMF), "The Future of Debt Management" seeks to reflect on the past decade of debt, development and debt management; expose looming challenges related to rising debt vulnerabilities and debt management reforms; and identify emerging opportunities - from innovative financing to applications of nascent technologies – to address debt management challenges. **Read more** **TAGS:** **Debt Policy**; **Primary market**; **Sovereign debt market**; **Accounting, statistics, Reporting and Auditing**; **Foreign Debt**; **Transparency**; **World Bank**

Documents

Primary Markets

The Maturity of Sovereign Debt Issuance in the Euro Area (2019)
Roel M. W. J. Beetsma, Massimo Giuliodori, Jesper Hanson, Frank de Jong - University of Amsterdam, Tilburg University
The authors use information on new sovereign debt issues in the euro area to explore the drivers behind the debt maturity decisions of governments. The authors set up a theoretical model for the maturity structure that trades off preference for liquidity services of short-term debt, roll-over risk and price risk. The average debt maturity is negatively related to both the level and the slope of the yield curve. A panel VAR analysis shows that positive shocks to risk aversion, the probability of non-repayment and the demand for the liquidity services of short-term debt all have a positive effect on the yield curve level and slope, and a negative effect on the average maturity of new debt issues. These results are partially in line with authors' theory. A forecast error variance decomposition suggests that changes in non-repayment risk as captured by credit default spreads are the most important source of shocks. **TAGS:** **Primary market**; **Cost and Risk**; **Financial Analysis**; **Sovereign CDS**

Secondary Markets

Long-Term Returns in Distressed Sovereign Bond Markets: How Did Investors Fare? (2019)

Jochen R. Andritzky, Julian Schumacher - International Monetary Fund, European Central Bank

Sovereign debt restructurings are perceived as inflicting large losses to bondholders. However, many bonds feature high coupons and often exhibit strong post-crisis recoveries. To account for these aspects, the authors analyze the long-term returns of sovereign bonds during 32 crises since 1998, taking into account losses from bond exchanges as well as profits before and after such events. The authors show that the average excess return over risk-free rates in crises with debt restructuring is not significantly lower than the return on bonds in crises without restructuring. Returns differ considerably depending on the investment strategy: Investors who sell during crises fare much worse than buy-and-hold investors or investors entering the market upon signs of distress. **TAGS:** Secondary Markets; Debt crisis; Debt Restructuring; Sovereign bonds yields

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A public debt management perspective on liquidity in sovereign bond markets (2019)

OECD

In recent years market participants in several jurisdictions have become increasingly concerned about government securities markets becoming less liquid over time. Changes in market liquidity may reflect a variety of factors, including: unconventional monetary policies; financial sector adjustments to post-crisis regulations; changes in composition of the investor base, and the proliferation of electronic trading venues and strategies. The secondary market liquidity of government bonds is of utmost importance for sovereign debt managers, as this is an important contributing factor in supporting primary market access and minimising sovereign borrowing costs. Sovereign debt managers regularly monitor and review liquidity in government securities markets, based on a range of quantitative and qualitative data. Debt Management Offices benefit greatly from operationally and informationally efficient markets, and often play a key role in developing and securing well-functioning markets. In case of an illiquidity concern, sovereign debt managers take proactive – and sometimes innovative – steps to address potential risks associated with deteriorating market liquidity. This chapter presents empirical findings on liquidity conditions in selected government markets in recent years and the views of sovereign debt managers on structural changes affecting market liquidity, including measures taken to improve liquidity conditions. **TAGS:** Market Liquidity; Secondary Markets; Financial Analysis

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Term structure dynamics at low and negative interest rates - evidence from Switzerland (2019)

Christian Grisse, Silvio Schumacher - Swiss National Bank

This paper studies the transmission of changes in short-term interest rates to longer-term government bond yields when interest rates are at very low levels or negative. The authors focus on Switzerland, where short-term interest rates have been at zero since late 2008 and negative since the beginning of 2015. The expectations hypothesis of the term structure implies that as nominal interest rates approach their lower bound, the effect of short-term rates on longer-term yields should decline, and positive short rate changes should have larger absolute effects than negative short rate changes. Contrary to studies of other countries, the authors find no evidence for a decline in the effect of short rate changes for the low-interest rate period using Swiss data. However, they do find evidence for the predicted asymmetric effect for positive and negative short rate changes during the period when short-term rates are close to zero. This asymmetry normalized again after the introduction of negative interest rates. **TAGS:** **Financial Analysis**; **Secondary Markets**; **Sovereign bonds yields**

Bond flows and liquidity: do foreigners matter? **(2019)**

Jens H. E. Christensen, Eric Fischer, Patrick Shultz - Federal Reserve Bank of San Francisco, Wharton School of the University of Pennsylvania

In their search for yield in the current low interest rate environment, many investors have turned to sovereign debt in emerging economies, which has raised concerns about risks to financial stability from these capital flows. To assess this risk, the authors study the effects of changes in the foreign-held share of Mexican sovereign bonds on their liquidity premiums. The authors find that recent increases in foreign holdings of these securities have played a significant role in driving up their liquidity premiums. Provided the higher compensation for bearing liquidity risk is commensurate with the chance of a major foreign-led sell-off in the Mexican government bond market, this development may not pose a material risk to its financial stability. **TAGS:** **Market Liquidity**; **Sovereign debt market**; **Foreign Debt**

Subnational Debt

Credit Financing for Local Development: The Subnational Debt in the Philippines **(2019)**

Niño Raymond B. Alvina - Department of Finance of the Philippines

Credit financing should be leveraged as a strategic tool of the local government unit's resource mobilization agenda. Local government units (LGUs) in the Philippines are authorized to borrow or incur debts to finance development, but with certain limitations provided by the Local Government Code of 1991. The main controlling statutory requirement is for provinces, cities, municipalities, and villages not to exceed 20% of their annual regular income going into debt servicing. The range of purposes for which local governments are allowed to borrow are tied up with their expenditure responsibilities, and this varies according to the type and level of LGU, and their capacity to access financing. These commonly include capital investment projects, socioeconomic enterprises, and self-liquidating and income-generating projects. The authors describe the experience of the Philippines after close to 3 decades of fiscal decentralization in the country, present trends and patterns of local debt management practices, highlight the roles of national government agencies and regulatory policies, and propose emerging ideas and recommendations on how to improve debt management as an important pillar in local finance and decentralization. **TAGS:** **Subnational debt**; **Debt sustainability**

Rethinking China's Local Government Debt in the Frame of Modern Money Theory **(2019)**

Zengping He, Genliang Jia - Renmin University of China

Local government debt in China is increasing and presents a great threat to China's financial stability. In China's fiscal system, the central government often prioritizes reducing its fiscal deficit and can determine to a great extent the distribution of revenue and expenditure between itself and local governments. There is therefore a tendency for the fiscal burden to be shifted from the central government to the local governments. Resolving China's local government debt problem requires not only strengthening regulation, but also abandoning the central government's fiscal balance target, because this target may make regulation hard to sustain in times of economic downturn. This paper discusses central-local fiscal relations in the framework of Modern Money Theory, suggesting that, because a government with currency sovereignty can always afford any spending denominated in its own currency, China's central government should bear a greater fiscal burden. **TAGS:** **Subnational debt**; **Financial stability**; **Debt and fiscal/monetary policies**

Over-Indebted Subnational Mexico: Does Political Polarization Affect Debt Policy Decisions? **(2019)**

Heidi Jane M Smith, Isabel Melguizo - Universidad Iberoamericana

Does polarization promote overspending and increase local deficits? Alesina and Tabellini (1990) suggests that more conflict between political parties encourages the opposition to over spend causing inefficient levels of public debt. According to cross national OECD data analyst find that high-level of political conflict result in surging fiscal deficits. The larger the ideological difference, the higher the likelihood of not being reelected. Thus, the incumbent will have higher incentive to spend in order to meet campaign promises. These promises often exceed current expenditures and therefore lead to public officials to access the debt market, ultimately raising the total amount of debt spending. Empirical studies to evaluate this inefficiency are typically done at the state level or cross national, but few have evaluated sub-sovereign debt issuance (Alt and Lassen 2006; Alesina1989; Alt 1985; Drazen and Eslava 2010). This research evaluates Alesina and Tabellini's polarization theory within the newly democratizing Mexico. By using data from 2000-2014, the study first uses Dalton (2008) measure of polarization, based on voter perceptions of party positions in the Comparative Study of Electoral Systems (CSES), and secondly as the margin of victory in a panel data set with public finance indicators (percentage of total expenditures gathered by Mexico's National Geography and Statistics Institute (INEGI) and type of debt issuance presented by Mexico's National Treasury office (Secretaria de Hacienda y Credito Publico –SHCP). Next the study evaluates not only when in the electoral political cycles (Hibbs 1977, 1987 and Cox and McCubbins 2001) influence deficit spending, but also which type of debt does (public bond bank, commercial banks, trusts funds of the bond market increases that debt). The tentative results show that municipal debt increases in non-electoral years, i.e. the year before and after the next election, which is congruent with other research on Mexico (Benton and Smith 2017); but also that debt issuance increases for commercial bank loans and the public bond bank in those years, suggesting the easier the accessibility of the type of debt will have more probability to be effected by these ideologically difference in the electoral cycle. **TAGS:** **Subnational debt**; **Debt sustainability**

Financial Analysis

Sustainability of Brazilian public debt: analysis of a possible structural break in the recent period **(2019)**

Eduardo Lima Campos, Rubens Penha Cysne - EPGE Escola Brasileira de Economia e Finanças

Campos and Cysne (2019a) use the multicointegration method to analyze the behavior of Brazilian public debt between 1997 and 2018. The authors observe, in this previous work, the necessity of evaluating the existence of a structural break along the sample, corroborating assumptions originated from the political cycle. This paper evaluates that possibility, and identifies its possible effects on the sustainability of the public debt. The conclusion regarding the unsustainability of the debt/GDP ratio is confirmed. But here the authors are able to identify the precise date as of which the debt trajectory becomes unsustainable. Using a technique which allows for a structural break has two additional advantages with regard to Campos and Cysne

(2019a). First, it enables the comparison of the models before and after the break. Second, to a certain extent, it includes the possibility of comparisons with previous empirical works based on variable-coefficient methodologies [e.g. Campos and Cysne (2019b)]. **TAGS:** **Financial Analysis**; **Debt sustainability**

Public debt versus Environmental debt: What are the relevant Tradeoffs? **(2019)**

Mohamed Boly, Jean-Louis Combes, Pascale Combes-Motel, Maxime Menuet, Alexandru Minea, Patrick Villieu - Université Clermont Auvergne, Carleton University Ottawa, Université Orléans

The article explores the relationship between public debt and environmental debt. The latter is defined as the difference between the "virgin state" which is the maximum stock of environmental quality that can be kept intact with natural regenerations and the current quality of the environment. A theoretical model of endogenous growth is built. The authors show that there is a unique well-determined balanced-growth path. The public debt and the environmental debt are substitute in the short-run but complementary in the long-run. Indeed, budget deficit provides additional resources to finance pollution abatement spending, but generate also unproductive expenditures (the debt burden). This hypothesis is tested on a sample of 22 countries for the period 1990-2011. The environmental debt is measured by the cumulative CO2 emissions per capita. The authors use panel time-series estimators which allow for heterogeneity in the slope coefficients between countries. It appears mainly that, in the long term, an increase of 100% in public debt ratio leads to an increase of 74% in cumulative CO2 per capita. In addition, this positive long-run relationship is still present at the country and the sub-sample level, despite some differences in the short-term dynamics. **TAGS:** **Financial Analysis**; **Primary market**; **Sovereign debt market**

The Rewards of Fiscal Consolidation: Sovereign Spreads and Confidence Effects **(2019)**

Antonio David, Jaime Guajardo, Juan Yepez - International Monetary Fund

This paper investigates the effects of fiscal consolidation announcements on sovereign spreads in a panel of 21 emerging market economies during 2000-18. The authors construct a novel dataset using a global news database to identify the precise announcement date of fiscal consolidation actions. Their results show that sovereign spreads decline significantly following news that austerity measures have been approved by the legislature (congress or parliament), in periods of high sovereign spreads or in countries under an IMF program. In addition, consolidation announcements are less contractionary when sovereign spreads decline, with the reduction in output being half of the counterfactual case in which spreads do not respond to announcements. These results constitute direct evidence that confidence effects, in the form of lower sovereign spreads, are an important transmission channel of fiscal shocks. The authors also find that the role of confidence effects increases with the level of spreads such that countries with high spread levels stand to benefit the most from putting in place credible austerity packages. **TAGS:** **Financial Analysis**; **Sovereign risk premia;** **Debt and fiscal/monetary policies**

A Framework For Debt-Maturity Management **(2019)**

Saki Bigio, Galo Nuño, Juan Passadore - UCLA, Banco de España, EIEF

The authors characterize the optimal debt-maturity management problem of a government in a small open economy. The government issues a continuum of finite-maturity bonds in the presence of liquidity frictions. The authors find that the solution can be decentralized: the optimal issuance of a bond of a given maturity is proportional to the difference between its market price and its domestic valuation, the latter defined as the price computed using the government's discount factor. The authors show how the steady-state debt distribution decreases with maturity. These results hold when extending the model to incorporate aggregate risk or strategic default. **TAGS:** **Financial Analysis**; **Debt Policy**

Inflation-Linked versus Nominal Bond Yields: On Liquidity and Inflation Risk Premiums Around the World **(2019)**

Geert Bekaert, Andrey Ermolov - Columbia Business School, Fordham University

The authors provide a decomposition of nominal bond yields into its real and inflation components in an international context. The authors focus on 5 year yields for the UK, US and France, using inflation-linked and nominal Treasury yields since 2004. The authors find that expected inflation shows little variability and thus accounts for little of the variation in nominal yields. Inflation risk premiums are relatively more important, but have decreased over time. Liquidity premiums in inflation-linked debt remain relatively high, varying between 50 basis points and 1.10%, on average, but their variability has decreased over time. Real rate variation dominates the variation in inflation-linked and nominal yields. Real rates (mostly) correlate highly across countries, and are the main source of the observed high correlation between nominal yields. The authors show that a slow-moving risk aversion variable from a habit model explains a substantive part of the variation in real yields and explains (the change in) the correlation of real yields across countries (across time), thereby outperforming a measure of the monetary policy stance. **TAGS:** **Financial Analysis**; **Sovereign bonds yields**

Marx on Public Debt: fiscal expropriation and capital reproduction **(2019)**

Guglielmo Forges Davanzati, Rosaria Patalano - University of Salento, University of Naples Federico II

Marx devoted little attention to the functions of the State (and, particularly, to the role of public debt) in the capitalist system, and in more recent times, little attention has been devoted to this issue on the part of Marxist scholars. Starting from a reconstruction of Marx's view on this issue, this article aims to analyze the effects of the expansion of public debt on capital reproduction in Marx's thought and to derive a criterion of public debt sustainability consistent with Marx's view. By contrast to the dominant interpretations, there is no single answer, for Marx, to the relation between public expenditure, capital reproduction, and income distribution. Finally, it has been shown that a criterion of public debt sustainability can be derived from Marx and that this criterion is political in essence, implying that the expansion of public debt cannot generate a condition where wages are persistently settled below their subsistence level. **TAGS:** **Debt policies**; **Debt and fiscal/monetary policies; Debt sustainability**

Impact of international and local conditions on sovereign bond spreads: International evidence **(2018)**

Selma Izadi, M. Kabir Hassan - University of New Orleans

This paper examines the effect of international and domestic factors on the sovereign bond spreads for 22 developed countries in North America, Europe and Pacific Rim regions. First, for all the regions the impact of global factors on the sovereign bond spreads is more intense than regional factors. Second, the findings confirm that for the bond spreads of each region over its domestic government bonds, the countries' local fundamentals are better determinants of the spreads compared to the spread over US government bonds as a safe haven. Third, the influence of worldwide factors in the Eurozone compared to other regions bond spreads is less. Fourth, the relationship of the market sentiment and the investor risk aversion with the sovereign bond spreads of all regions is positive. Equity market volatility plays significant role in yield spreads in international bond markets. **TAGS:** **Secondary Markets**; **Sovereign bonds yields**; **Sovereign risk premia**

Debt Crisis

Sovereign Bankruptcy Hydraulics **(2019)**

Stephen J. Lubben - Seton Hall University School of Law

The core of any bankruptcy or insolvency system consists of a stay against creditor action, an ability to recover preferential payments—which both promotes equity and reduces the chances of runs on the debtor—and an ability to revamp the debtor's operations by rejecting burdensome contracts and selling assets. Even the proponents of a sovereign bankruptcy system admit that these features are largely irrelevant to sovereign debtors. Of course, sovereigns come in a variety of flavors, with differing forms of "sovereign immunity." Few sovereigns retain full old-fashioned, George III style sovereign immunity. In the event of insolvency—or, more simply an inability to pay, since solvency is a somewhat difficult concept with regard to governmental debtors—sovereign debtors have four potential tools at their disposal. First, the sovereign might hide behind its immunity, in the narrow sense. That is, the sovereign will simply refuse to be sued in court. Second, the sovereign might change the law applicable to the debt. To take a simple example, the sovereign entity might say "all past promises to repay in shiny metal are now replaced with promises to pay with pieces of paper." That might violate certain norms—call it due process or fair play—but the sovereign probably at the same time controls the remedy for violations of such norms. Third, the sovereign might manipulate the currency in which its debts are paid. If the sovereign "makes the money," it can make more to pay the debts. There are economic consequences to doing this to an extreme, but the sovereign might view those consequences as preferable to those of a formal default. These first three tools comprise the modern concept of sovereignty, at least in discussions of sovereign debt. **TAGS:** **Debt crisis**; **Debt Restructuring**; **Sovereign defaults**

Self-inflicted debt crises **(2019)**

Theodosios Dimopoulos, Norman Schurhoff - University of Lausanne, Swiss Finance Institute and CEPR

Sovereign debt crises are often self-inflicted through myopic consumption and investment decisions and followed by prolonged episodes of debt relief. The authors propose a dynamic model that explains why countries often get pulled back in a debt crisis and how bailout agencies optimally deal with borrower myopia. The debt relief policy critically depends on the effectiveness of a tight-leash policy vis-`a-vis the severity of outright default. Myopia is punished when borrower moral hazard is severe and accommodated when renegotiation frictions and spillovers are high. The model generates sovereign credit spreads that are large and highly sensitive to fundamentals. Standard market-based credit metrics are poor proxies for sovereign default risk. **TAGS:** **Debt crisis**; **Debt relief**; **Sovereign bonds yields**; **Sovereign defaults**

Institutional and Organizational Framework

EU Fiscal Rules: Further Reform or Better Implementation? (2019)

Roel M. W. J. Beetsma, Martin Larch - University of Amsterdam, European Fiscal Board

EU fiscal rules are a highly divisive topic. Although there is a broad consensus that rules are needed to ensure a smooth functioning of the euro area, views very much diverge over the effectiveness of current arrangements and over how and when to move ahead. This paper reviews the debate around the European fiscal framework. It starts with a concise history of the Stability and Growth Pact (SGP) highlighting main trends since inception. Based on a brief assessment of the current state of affairs, the paper outlines options for improvement. It argues in favour of a bargain involving new elements of risk reduction and risk sharing combined with a stronger role for independent institutions. **TAGS:** **Debt and fiscal/monetary policies**

Decolonization and Sovereign Debt: A Quagmire (2019)

Michael Waibel - University of Cambridge

The phenomenon of State succession is one of the most complex, challenging and politicised areas of international law and policy — covering diverse questions such as membership in international organizations, nationality, state responsibility, treaties, property, debts and state archives. A particularly controversial aspect of decolonization after World War II was its effect on private property. During decolonization after World War II, state succession into debt became torn between the theory of universal succession and the clean-slate theory. The theory of universal succession and the clean-slate theory are extreme positions on a spectrum that came to the fore at the height of decolonisation in the 1960s and 1970s. The tension between two stylizes schools on state succession into debt is the subject of this paper. **TAGS:** **Debt Policy**; **Structural policies**

International and Macroprudential Regulations

Positive liquidity spillovers from Sovereign Bond-Backed Securities (2019)

Peter G. Dunne - Central Bank of Ireland

This paper contributes to the debate concerning the benefits and disadvantages of introducing a European Sovereign Bond-Backed Securitisation (SBBS) to address the need for a common safe asset that would break destabilising bank-sovereign linkages. The analysis focuses on assessing the effectiveness of hedges incurred while making markets in individual euro area sovereign bonds by taking offsetting positions in one or more of the SBBS tranches. Tranche yields are estimated using a simulation approach. This involves the generation of sovereign defaults and allocation of the combined credit risk premium of all the sovereigns, at the end of each day, to the SBBS tranches according to the seniority of claims under the proposed securitisation. Optimal hedging with SBBS is found to reduce risk exposures substantially in normal market conditions. In volatile conditions, hedging is not very effective but leaves dealers exposed to mostly idiosyncratic risks. These remaining risks largely disappear if dealers are diversified in providing liquidity across country-specific secondary markets and SBBS tranches. Hedging each of the long positions in a portfolio of individual sovereigns results in a risk exposure as low as that borne by holding the safest individual sovereign bond (the Bund). **TAGS:** **International and Macroprudential Regulations**; **Secondary Markets**; **Market Liquidity; Bond market development**

Banking regulation with risk of Sovereign Default (2019)

Pablo D'Erasmo, Igor Livshits, Koen Schoors - Federal Reserve Bank of Philadelphia, Ghent University

Banking regulation routinely designates some assets as safe and thus does not require banks to hold any additional capital to protect against losses from these assets. A typical such safe asset is domestic government debt. There are numerous examples of banking regulation treating domestic government bonds as "safe," even when there is clear risk of default on these bonds. The authors show, in a parsimonious model, that this failure to recognize the riskiness of government debt allows (and induces) domestic banks to "gamble" with depositors' funds by purchasing risky government bonds (and assets closely correlated with them). A sovereign default in this environment then results in a banking crisis. Critically, the authors show that permitting banks to gamble this way lowers the cost of borrowing for the government. Thus, if the borrower and the regulator are the same entity (the government), that entity has an incentive to ignore the riskiness of the sovereign bonds. The authors present empirical evidence in support of the key mechanism they are highlighting, drawing on the experience of Russia in the run-up to its 1998 default and on the recent Eurozone debt crisis. **TAGS:** **International and Macroprudential Regulations**; **Sovereign defaults**; **Debt crisis**; **Financial stability**; **Sovereign debt exposure**; **Sovereign risk premia**

Central Banks and Macroprudential Policies: economics and politics (2018)

Donato Masciandaro - Bocconi University

The 2007-2008 global financial crisis highlighted the importance of establishing macroprudential architectures to address problems of financial stability. Central banks are always part of macroprudential settings, but their role is far from homogeneous across countries. How can this heterogeneity be explained? The aim of the chapter is twofold. First, it offers a systematic review of the economics of central bank involvement in macroprudential policies, which leads to the conclusion that political motivations are highly relevant drivers. Second, given this insight, it explores the institutional settings in 31 advanced and emerging market economies and sheds light on several key drivers of the central banker's role as a macroprudential supervisor: central bankers who are already in charge of microeconomic supervision and less politically independent are more likely to be granted extended macroprudential powers. The same is true for central bankers who have low levels of monetary policy discretion. **TAGS:** **International and Macroprudential Regulations**; **Financial stability**

Contract Standards

Hidden Holdouts: contract arbitrageurs and the pricing of Collective Rights (2019)

Robert E. Scott, Mitu Gulati, Stephen J. Choi - Economic Policy Institute, Duke University School of Law, NYU School of Law

Research on the law and economics of contract typically analyzes the explicit pricing of the contract terms in a debt contract by modeling a bilateral debtor-creditor relationship, a framework the authors call the "classical model." Under this model, contract terms that affect the debtor's repayment obligations are reflected in the price the debtor pays. Much of commercial lending, however, occurs in thick markets with standardized multilateral debt instruments. Depending on the degree to which key contract terms implicate collective decision making among dispersed and anonymous creditors, the classical bilateral model of debt contracting can err in its predictions on the pricing of terms. The authors utilize Venezuela's 2014-2018 debt crisis as a natural experiment to evaluate the price effects of differences in contract terms in multilateral debt instruments that require collective decision for enforcement. The authors test the predictions of the classical model against the predictions generated by a "collective action" model and report evidence of the non-pricing of terms consistent with the collective action story. In particular, they provide evidence of a "hidden holdout" strategy that enables the modern activist investor to capture rents without revealing arbitrage activities that enable the market to coordinate on efficient prices for different rights of enforcement. **TAGS:** **Contract standards**; **Debt crisis**

Debt Restructuring

Compliance effects of sovereign debt cuts **(2019)**

Eckhard Janeba, Armin Steinbach - University of Mannheim, Max Planck Institute for Research on Collective Goods

The controversy about sovereign debt cuts loomed prominently throughout crisis in the European Union (EU), as the EU legal rules were viewed to impose strict limitations on debt restructuring involving public creditors due to moral hazard concerns enshrined in the legal ban on bailouts. This analysis explores the economic plausibility of the legal regime, with the applicable legal standard capturing the impact of debt restructuring on the debtor's expected compliance with fiscal rules. Authors' theory shows that the effect of debt cuts on fiscal compliance depends on two effects, the direction of which determines the overall effect on expected fiscal compliance. The authors empirically review the plausibility of their theoretical results by exploiting survey data from members of state parliaments in Germany. Data limitations notwithstanding, their results offer some plausibility that haircuts can make fiscal compliance more attractive and likely. The results call for re-visiting the legal framework applicable to debt cuts EU rules. **TAGS:** **Debt Restructuring**; **Contract standards**

How to restructure Sovereign Debt: lessons from four decades **(2019)**

Lee Buchheit, Guillaume Chabert, Chanda DeLong and Jeromin Zettelmeyer - Cleary Gottlieb Steen & Hamilton, French ministry for the economy and finance, International Monetary Fund, Peterson Institute for International Economics

This paper attempts to provide a playbook for the sovereign debt restructuring process, drawing on the experience with sovereign debt restructuring since the 1980s. It begins with a discussion of the participating actors and their interests. It then describes the considerations that must be weighed in designing, negotiating, and concluding a debt restructuring, in light of two problems: asymmetric information between the debtor and the creditors, and creditor coordination problems, which can lead to free riding (the "holdout" problem). The paper focuses on how these problems, which can lead to inefficiently negotiated outcomes, can be managed and minimized in practice. **TAGS:** **Debt crisis**; **Debt Restructuring**; **Sovereign immunity**; **Sovereign defaults**

Collective Action Clauses and Sovereign Debt restructuring frameworks: why and when is restructuring appropriate **(2019)**

Giampaolo Galli - Luiss School of Political Economy

In this paper, the author first makes a few considerations about the legal aspects of Collective Action Clauses (CACs) in the context of the Eurozone and then approaches the broader economic issue of why it may be useful to have more efficient CACs, such as single-limb CACs, and when and in what circumstances it may be appropriate to restructure sovereign debts. **TAGS:** **Contract standards**; **Sovereign debt litigation**; **Debt Restructuring**

The design of a sovereign debt restructuring mechanism for the euro area: Choices and trade-offs **(2019)**

Christophe Destais, Frederik Eidam, Friedrich Heinemann – CEPII

This paper critically assesses several dimensions of a sovereign debt restructuring mechanism (SDRM) for the euro area. The novelty of authors' analysis is that they abstain from recommending one ideal model for a restructuring mechanism. Instead, the authors apply a menu-type approach. For five key institutional SDRM dimensions, they discuss the underlying fundamental trade-offs and the pros and cons of different design choices. Specifically, they investigate the following SDRM dimensions: (i) the institutional assignments of responsibilities, (ii) the condition or decision rule that triggers a debt restructuring, (iii) the design and size of debt restructuring, (iv) the role and details of collective action clauses (CACs), and (v) the safeguards for financial stability in support for a SDRM. The authors conclude that there is no such thing as the single optimal SDRM. Design decisions require judgments on the underlying trade-offs and related assumptions on relative costs. Also, the search for an appropriate euro area SDRM design can benefit from complementarities. Ambition in one dimension can offer more degrees of freedom in another dimension. Their analysis implies that there is no convincing reason to further taboo the search for a euro area SDRM, as there are ways to combine the opportunities of a credible SDRM with financial stability. **TAGS:** **Debt Restructuring**; **Contract standards**

Macroeconomic Analysis

Economic structures 20 years into the euro **(2019)**

David Sondermann, Agostino Consolo, Vanessa Gunnella, Gerrit Koester, Kyriacos Lambrias, Paloma Lopez-Garcia, Carolin Nerlich, Filippos Petroulakis, Lorena Saiz, Roberta Serafini - European Central Bank

Well-functioning economic structures are key for resilient and prospering euro area economies. The global financial and sovereign debt crises exposed the limited resilience of the euro area's economic structures. Economic growth was masking underlying weaknesses in several euro area countries. With the inception of the crises, significant efforts have been undertaken by Member States individually and collectively to strengthen resilience of economic structures and the smooth functioning of the euro area. National fiscal policies were consolidated to keep the increase in government debt contained and structural reform momentum increased notably in the second decade, particularly in those countries most hit by the crisis. The strengthened national economic structures were supported by a reformed EU crisis and economic governance framework. However, overall economic structures in euro area countries are still not fully commensurate with the requirements of a monetary union. Moreover, remaining challenges, such as population ageing, low productivity and the implications of digitalisation, will need to be addressed to increase economic resilience and long-term growth. **TAGS:** **Debt and growth**; **Debt crisis**; **Debt and fiscal/monetary policies**; **Structural policies**

Domestic Amplifiers of External Shocks: Growth Accelerations and Reversals in Emerging Market and Developing Economies **(2019)**

Bertrand Gruss, Malhar S Nabar, Marcos Poplawski Ribeiro - International Monetary Fund

External conditions have been found to influence the tendency of emerging market and developing economies to experience episodes of growth accelerations and reversals. In this paper the authors study the role of domestic policies and other structural attributes in amplifying or mitigating the effect that shifts in external conditions have on growth patterns in emerging market and developing economies over the past five decades. The authors find that these economies can enhance the growth impulse from external conditions by strengthening their institutional frameworks and adopting a policy mix that protects trade integration; permits exchange rate flexibility; and ensures that vulnerabilities stemming from high current account deficits and external debt, as well as high public debt, are contained. **TAGS:** **Debt and growth**; **Debt and recession**; **Financial stability**; **Debt sustainability; Structural policies**

External Debt Financing and Macroeconomic Instability in Emerging Market Economies **(2019)**

Ashima Goyal, Rajeswari Sengupta, Akhilesh Verma - Indira Gandhi Institute of Development Research, Mumbai

The authors study the relationship between external debt financing and risk to macroeconomic stability using a panel vector autoregression model for a sample of ten major emerging market economies. The authors also focus on the linkages of key channels of external debt financing, namely external debt securities and cross-border loans. They find that external debt securities substantially impact the yield spread and the exchange rate for emerging market economies, both before and after the global financial crisis of 2008. On the other hand, the impact of cross-border flows is found to be relatively subdued for these economies in the post-crisis period. The authors also find that emerging economies that were already receiving a high level of external debt securities inflows experienced a relatively larger yield compression and greater exchange rate pressure compared to the economies that had a low level of external debt securities flows. It indicates higher risk exposure for EMEs with larger external debt securities flows. **TAGS:** **Foreign Debt**; **Financial stability**; **Sovereign bonds yields**; **Sovereign risk premia**

The Relationship Between External Debt and Economic Growth: Empirical Evidence from Ukraine and Other Emerging Economies **(2019)**

Inna Shkolnyk, Viktoriia Koilo - Ukrainian Academy of Banking of the National Bank of Ukraine, NLA University College

The article examines the relationship between external debt and economic growth in emerging economies for the period 2006-2016. The authors used different econometric tools, e.g., ADL model and correlation analysis. The regression results showed that the original values had no significant impact on the estimation of the parameters. Thus, there was made an assumption that emerging economies have a non-linear impact on macroeconomic parameters, including external debt that has a non-linear type of influence on economic growth. The authors established that high level of external debt, in conjunction with macroeconomic instability, impedes economic growth in such countries. The regression model also showed that there is a critical level of debt burden for emerging economies, where the marginal impact of external debt on economic growth becomes negative. The results of the study highlighted the significance of the problem of effective public debt management strategy implementation in Ukraine. **TAGS:** **Foreign Debt**; **Debt and growth**; **Debt Policy**

Fiscal Deficit Forecasts by International Institutions: Evidence for a Double Standard? (2019)

Jakub Pawel Rybacki - Warsaw School of Economics

Fiscal forecasts produced by international financial institutions came under strong criticism after the Eurozone sovereign debt crisis due to overly optimistic estimates for heavily indebted countries like Spain, Italy, and Portugal. Presently, in the face of strong divisions within the European political landscape, international organizations have also been accused of applying a double standard. Opponents often claim those organizations depict a more negative picture for governments described as populist in the mainstream media. The aim of this paper is to evaluate fiscal forecasts provided by the International Monetary Fund (IMF), European Commission (EC), and the Organization for Economic Co-operation and Development (OECD). Authors' analysis is based on a panel of European Union economies, other OECD members, and large non-OECD economies (e.g., China). Five years after the Sovereign debt crisis, the authors still find negative phenomenon reported earlier in the literature. In Europe, all organizations systematically present overly optimistic deficit forecasts for Portugal, Spain, and, to a lower extent, for Italy. Moreover, the EC and OECD are being indulgent to countries under the excessive deficit procedure. There is also an evidence for strong autocorrelation of ex-post fiscal forecast errors. On the other hand, the authors find no strong evidence suggesting that fiscal forecasts stigmatize the governments accused of populism or violating the rule of law. Finally, in the case of European emerging economies, some kind of wishful thinking is present. For example, the EC overestimates governments' propensity to tighten fiscal policy during the expansion period of a business cycle and forecasts an overly pessimistic picture during a slowdown. **TAGS:** **Economic Forecasts**; **Debt Forecasts**

Economic Policies

Investigating fiscal and monetary policies coordination and public debt in Kenya: evidence from regime-switching and self-exciting threshold autoregressive models (2019)

William Irungu Ng'ang'a, Julien Chevallier, Simon Wagura Ndiritu - Université Paris, Strathmore University Kenya

This study explored the nature of fiscal and monetary policy coordination and its impact on long-run sustainability in Kenya. The study employed annual time series data from 1963 to 2014. Two objectives were investigated. (i) The determinants of monetary and fiscal policy rules under different policy regimes. (ii) The nature of fiscal and monetary policy regimes coordination in Kenya. Markov switching models were used to determine fiscal and monetary policy regimes endogenously. The fiscal policy regime was regarded as passive if the coefficient of debt in the MS model was significant and negative. This fiscal policy regime is regarded as unsustainable since the rise in debt is associated with a deterioration of the fiscal balance. On the other hand, the active monetary policy is synonymous with contractionary monetary policy since real in interest rate reacts positively to an increase in inflation. Robust analysis conducted using self-exciting threshold models confirms that monetary and fiscal policy reaction functions are nonlinear. The study findings show that passive or unsustainable fiscal regime was more dominant over the study period. There is evidence to support coordination between fiscal and monetary policy. There is a tendency for monetary policy to actively and prudently respond to unsustainable fiscal policy. Secondly, monetary policy sequentially responds to fiscal policy. The study recommended the adoption of systematic monetary response to a periodic deviation of fiscal policy from a long-run sustainability path. **TAGS: Debt and fiscal/monetary policies; Debt sustainability**

The debt multiplier (2019)

Alice Albonico, Guido Ascari, Alessandro Gobbi - University of Milano Bicocca, University of Oxford, Università Cattolica del Sacro Cuore

This paper studies the debt multiplier, that is, the effects of a temporary and pure change in government debt on economic activity. Contrary to an infinitely-lived representative agent model, in an overlapping generations (OLG) framework output increases even after a temporary increase in debt due to a lump-sum tax reduction that is totally reversed in the future. When nominal interest rates are positive, the debt multiplier is generally quite small. However, the debt multiplier is much larger when the nominal interest rate is at the zero lower bound. Hence, the call for fiscal consolidation in recession times seems ill-advised. Moreover, the steady state level of debt matters in an OLG framework. Multipliers tend to increase with the level of debt in steady state. A rise in the steady state debt-to-GDP level increases the steady state real interest rate and thus it provides an alternative route to increase the room for manoeuvre for monetary policy facing deflationary shocks. **TAGS: Debt and fiscal/monetary policies; Debt sustainability**

Fiscal Space and Increasing Fiscal Resilience (2019)

Joshua Aizenman, Yothin Jinjarak, Hien Thi Kim Nguyen, Donghyun Park - University of Southern California, Victoria University of Wellington, Asian Development Bank

This paper compares fiscal cyclicality across advanced and developing economies in terms of geography and income levels between 1960 and 2016. It identifies factors that explain government spending and tax-policy cyclicality. On average, a more indebted government spends more in good times and cuts back spending indifferently compared with low-debt economies in bad times. The sovereign wealth funds of economies have a countercyclical effect in authors' estimation. The analysis depicts a significant economic impact of an interest rate rise on fiscal space: a 10% increase in the public debt–tax base ratio is associated with an upper bound of a 5.6% increase in government-spending procyclicality. **TAGS: Debt and fiscal/monetary policies**

Fiscal Sustainability in the Caribbean: An Econometric Analysis (2019)

Jeetendra Khadan - Inter-American Development Bank

Many countries in the Caribbean have been grappling with persistent fiscal imbalances and rising debt levels. The average debt to GDP ratio in the Caribbean in 2017 was 76.6 percent, higher than the negative debt-growth threshold of 60 percent of GDP. Also, the average fiscal deficit as a percent of GDP was 2.8 percent, but with significant heterogeneity across countries ranging from 0.5 percent to 11 percent. Using the inter-temporal budget constraint framework and various panel data econometric estimators, this article examines the issue of fiscal sustainability for a group of 10 Caribbean countries over the period 1991-2017. The evidence from panel co-integration models of government revenue and expenditure shows that past fiscal behavior is "weakly" sustainable. The "weak sustainability" finding is reinforced by evidence from an extended fiscal reaction function which showed that the primary balance improves by about 0.02 for every 1 percentage point increase in the debt ratio. **TAGS:** **Debt and fiscal/monetary policies**; **Debt sustainability**

Can Lebanon Defy Gravity Forever? **(2019)**

Uwe Böwer - European Commission

Lebanon's new government was finally agreed in January 2019, after an almost 9-month deadlock over political representation. As much of the reform momentum stemming from an international investors' conference in April 2018 has faded, the government is now facing the challenge to reinvigorate the reform agenda and make credible steps towards fiscal consolidation. While Lebanon has long been able to maintain a surprising level of resilience amidst high economic volatility and a tumultuous geopolitical environment, the pressure has been rising to tackle the large twin deficits, the very high level of public debt, and the protracted lack of competitiveness. As life-sustaining financial inflows have slowed down, Lebanon's past business model has come under scrutiny. Substantial fiscal consolidation and a credible plan for growth-enhancing structural and governance reforms would play an important role in rebuilding investors' confidence and pave the way for an economic recovery built on a solid foundation. **TAGS:** **Debt and fiscal/monetary policies**; **Debt sustainability**; **Debt and growth**

Public Wealth in the United States **(2019)**

Fabien Gonguet, Klaus Peter Hellwig - International Monetary Fund

The authors analyze the US public sector balance sheet and project it forward under the assumption that current policies remain in place. They first document the history of the balance sheet and its components since World War II, with a detailed account of its evolution during and after the global financial crisis. While, based on assets and liabilities alone, public sector net worth is negative, additional challenges arise from commitments to future spending implied by current legislation and demographic trends. To quantify the risks to the balance sheet, the authors then apply the macroeconomic scenarios from the Federal Reserve's bank stress test to the public sector balance sheet. **TAGS:** **Debt and fiscal/monetary policies**; **Debt and growth**

Reducing Public Debt: The Experience of Advanced Economies over the Last 70 Years **(2019)**

Sofia Bernardini, Carlo Cottarelli, Giampaolo Galli, Carlo Valdes - Osservatorio sui Conti Pubblici Italiani

This paper investigates the episodes of public debt reduction in advanced economies since the Second World War. The authors find 30 episodes of large reductions in the public debt-to-GDP ratio. Four main approaches succeeded in lowering the debt ratio. First, after the end of WWII, high and unexpected inflation eroded a large share of public debt. Second, during the Bretton Woods era, a mix of financial repression, high economic growth and moderate inflation helped reducing public debt. Third, since the 1980s, several advanced economies followed orthodox fiscal adjustments, namely improving their primary balance by reducing expenditure and/or raising taxes. The fourth approach (debt restructuring) was implemented only in one case: Greece in 2011-12. One key finding of this paper is that debt reduction has never been achieved by relaxing fiscal policy (cutting taxes or increasing expenditure), hoping that this would set in motion a growth process sufficiently strong to lower the debt ratio (the so-called "denominator approach" which has recently become fashionable in some countries, including Italy). The empirical evidence of the last 70 years suggests that running a sufficiently strong primary surplus is the only viable option to reduce public debt ratio nowadays, particularly in countries that are part of the euro area. **TAGS:** **Debt and fiscal/monetary policies**; **Debt sustainability**

Public Debt: fiscal and Welfare costs in a time of low interest rates (2019)

Olivier Blanchard - Peterson Institute for International Economics and MIT

High public debt is widely perceived as economically, and even morally, destructive. Leaving aside the nearly religious arguments about debt and sin, two economic reasons are typically given. The first is fiscal costs: High debt implies high distortionary taxes in the future. The second is welfare costs: Debt crowds out capital in the portfolios of savers, decreasing capital accumulation and thus decreasing future output and consumption. In the current environment of low interest rates, the author wondered how large these costs were and decided to explore that in his address. **TAGS:** **Debt sustainability**; **Debt and fiscal/monetary policies**; **Cost and Risk; Debt Policy**

Government debt in times of low interest rates (2019)

Clemens Fuest, Daniel Gros - ECONPOL European Network of Economic and Fiscal Policy Research

In this paper the authors discuss to what extent the declining difference between interest rates and growth rates (r-g) pointed out recently by Olivier Blanchard (2019) for the case of the US also characterizes the economic situation in Europe. The authors show that r-g has been positive on average but declining over the last decades in Europe as well. But r-g differs across considerably across European countries, and a continuation of current fiscal policies even under existing conditions would increase the debt ratios further in some countries. The authors conclude that the current low levels of r-g should be used to make progress in fiscal consolidation in countries with high debt levels. At the same time it would be desirable to benefit from the currently low interest rates to boost one time investment projects. **TAGS:** **Debt and growth**; **Cost and Risk**; **Debt sustainability**; **Debt and fiscal/monetary policies**

How to starve the beast: fiscal and Monetary Policy Rules (2019)

Fernando M. Martin - Federal Reserve Bank of St. Louis

Societies have come to rely on simple rules to restrict the size and behavior of governments: constraints on monetary policy, revenue, budget balance and debt. I study the merit of these constraints in a dynamic stochastic model in which fiscal and monetary policies are jointly determined. Under several specifications, a revenue ceiling is the only rule that effectively induces the government to lower spending and dominates other policy constraints in terms of welfare by an order of magnitude. However, the reduction in spending is modest and comes at the cost of higher debt and inflation. Monetary policy rules are not desirable as they severely hinder distortion-smoothing and may lead to large welfare losses if implemented incorrectly. Budget balance and debt rules are generally benign, with the former being always preferable to the latter. All types of fiscal rules are usually best implemented at all times, but can be suspended in adverse times, often at a minor cost. **TAGS:** **Debt and fiscal/monetary policies**; **Debt sustainability**

Reports

2019

Financial Stability Review - May 2019
European Central Bank
The euro area financial stability environment has become more challenging. Risks to economic growth are tilted to the downside and remain prominent. Volatility in financial markets around the turn of the year illustrated risks that could arise from global and euro area growth surprises. Persistent downside risks to growth reinforce the need to strengthen the balance sheets of highly indebted firms and governments, as well as a euro area banking sector beset by weak profitability. **TAGS:** **Financial stability**; **Secondary Markets**; **Sovereign bonds yields**; **Market Liquidity**

Enhanced Surveillance Report - Greece, June 2019
European Commission's Directorate-General for Economic and Financial Affairs
Economic developments and policies in Greece are monitored under the European Semester for economic policy co-ordination and under the enhanced surveillance framework according to Regulation (EU) No 472/2013 (1). The activation of enhanced surveillance for Greece (2) acknowledges the fact that over the medium term, Greece needs to continue adopting measures to address the sources or potential sources of economic and financial difficulties, while implementing structural reforms to support robust and sustainable economic growth.[…] **TAGS:** **Financial stability**; **Debt sustainability**; **Structural policies**

Post-Programme Surveillance Report - Cyprus, Spring 2019
European Commission's Directorate-General for Economic and Financial Affairs
This report presents the findings of the sixth post-programme surveillance (PPS) mission of European Commission staff, in liaison with staff from the European Central Bank (ECB), which took place in Cyprus from 18 to 22 March 2019. The mission was coordinated with the International Monetary Fund's (IMF) Post-Program Monitoring (PPM) mission. Staff from the European Stability Mechanism (ESM) also participated in the mission on aspects related to the ESM's Early Warning System. The next PPS mission will take place in autumn 2019. While the Cypriot economy continued to grow strongly in 2018, external headwinds are increasing and significant domestic vulnerabilities remain.[…] **TAGS:** **Financial stability**; **Debt sustainability**; **Structural policies**

Monitoring of Russia's Economic Outlook: Trends and Challenges of Socio-Economic Development
Yuriy Zaitsev, Tatiana Klyachko, Alexander Knobel, Aleksandra Polyakova, Tatiana Tischenko – RANEPA
Having analyzed the execution of the federal budget in Q1 2019, the Gaidar Institute's experts note an increase in non-oil-and-gas revenues by 0.3 p.p. of GDP relative to Q1 2018. This increase in revenues resulted in a federal budget surplus of around 2.2% of GDP, which was higher than in Q1 2018 when it amounted to 1.8% of GDP. It is noted that as far as the public debt management policy of the RF Ministry of Finance is concerned, the Ministry is facing no problems with the placement of securities on the domestic market. This is largely due to the palpable growth in foreign investors' interest in acquiring Russian debt instruments caused by the favorable relationship between their profitability and credit quality.[…] **TAGS:** **Debt Statistics**; **Primary market**; **Debt and fiscal/monetary policies**

[Meeting Japan's intertwined challenges of population ageing and high government debt]
Randall Jones, Haruki Seitani - Japan Desk, OECD Economics Department
With faster growth in the past six years, Japan's real GDP growth in per capita terms has converged toward the OECD average and job creation has been strong. However, labour productivity and per capita income are well below leading OECD economies (Figure 1), while Japan faces challenges of rapid population ageing and high government debt. The 2019 OECD Economic Survey of Japan explores ways to address those challenges.[…] **TAGS: Debt sustainability**; **Structural policies**

[High Debt hampers countries' response to a fast-changing Global Economy]
Vitor Gaspar, John Ralyea, Elif Ture - IMF's Fiscal Affairs Department
Economic growth is slowing and public debt remains high across the world. Meanwhile, demographic changes and technological advances are reshaping the global economy. Everyone's opportunities for a good education, along with their job prospects, healthcare, and retirement income depend on the tax and spending choices governments make as they respond to these challenges. What should policymakers do? In the new Fiscal Monitor, the authors argue that they can take a long-term view to foster higher and more inclusive growth. This means getting their fiscal houses in order by gradually lowering debt to prepare for the next downturn and upgrading fiscal policy to invest in people's futures. This requires better allocating spending, creating more room in the budget, and improving tax policy. **TAGS: Debt sustainability; Debt and fiscal/monetary policies; Debt and growth**

[Special Report - Relationship between the National Treasury and the Central Bank]
Public Debt Strategic Planning Department - Tesouro Nacional – Brazil
The report presents the main points of the relationship between these two institutions, especially regarding their financial flows, the securities portfolio held by the Central Bank and the National Treasury's Single Account. Moreover, the document contextualizes the legal framework of this relationship, according to the changes introduced by the Law n. 820/2019 – which has improved the management of the public debt and the monetary policy. This report is another action of the Treasury focused on improving the transparency and the communication with the society. **TAGS: Transparency**; **Debt and fiscal/monetary policies**; **Debt Statistics**

[The fundamental review of the Trading Book and Emerging Markets]
ISDA
In January 2019, the final piece of Basel III fell into place with the publication of the revised framework for market risk capital, known as the Fundamental Review of the Trading Book (FRTB). The FRTB makes a number of important changes, including the introduction of a more risk sensitive standardized approach (SA), desk-level approval for internal models, and a capital add-on for non-modellable risk factors (NMRFs). With the rules now finalized, attention turns to national implementation, but there are uncertainties about how the rules will be transposed, and whether all jurisdictions will meet the Basel Committee on Banking Supervision's (BCBS) 2022 implementation target.[…] **TAGS: International and Macroprudential Regulations**

[Key drivers of the Debt]
Peter G. Peterson Foundation
Many factors contribute to the long-term outlook for the U.S. economy and budget, but in particular, there is a structural mismatch between the amount of revenues that the federal government collects and the amount of spending promised under current law. On the spending side of the budget, there

are two major drivers of non-interest spending: America's demographics and rising healthcare costs. **TAGS:** **Debt sustainability**; **Financial stability**; **Debt and fiscal/monetary policies**

Net short position notification thresholds for sovereign issuers

ESMA

According to Article 7(2) of the Short Selling Regulation, ESMA has to publish a list of the thresholds applicable to the sovereign issuers for the purpose of the notification to competent authorities of significant net short position in sovereign debt. The way these notification thresholds are defined is further specified in the Commission Delegated Regulation No 918/2012 (the "DR"). The DR specifies that initial threshold categories shall be: - 1% applicable where the total amount of outstanding issued sovereign debt is between 0 and 500 billion euros; - 5% applicable where the total amount of outstanding issued sovereign debt is above 500 billion euros or where there is a liquid futures market for the particular sovereign debt.[…] **TAGS:** **International and Macroprudential Regulations**; **Transparency**

Annual Report on Public Debt Management - 2018

Republic of Cyprus, Ministry of Finance, Public Debt Management Office

The economic recovery of Cyprus has continued to be robust in 2018, despite the global economic slowdown, creating favourable conditions to correct a number of macroeconomic imbalances such as the stock of public debt and non-performing loans as well as to sustain growth in the long term. Public finances momentum has remained very strong in 2018, even though the general government surplus turned into deficit due to the one-off banking sector measures related to the sale of the Cyprus Cooperative Bank (CCB). The continuation of these outcomes constitutes a prerequisite to safeguard the debt sustainability of the Republic of Cyprus in the future.[…] **TAGS:** **Debt Policy**; **Debt Statistics**

Global rates view, part 2: UK, Canada, Australia, and New Zealand

Tanweer Akram – Thrivent

Long-term interest rates in advanced countries are quite low. In some countries, interest rates are even negative. Long-term interest rates will remain low in the major advanced countries & regions in 2019 because of several reasons. Major central banks, such as the Fed, the ECB, and the BOJ, will keep their policy rates low. […] **TAGS:** **Sovereign bonds yields**; **Secondary Markets**; **Debt and fiscal/monetary policies**

What if Zero Interest Rates Are the New Normal?

Adair Turner - Chairman of the Institute for New Economic Thinking

The valid insight behind "modern monetary theory" – that governments and central banks together can always create nominal demand – was explained by Milton Friedman in 1948. But it is vital also to understand that excessive monetary finance is hugely harmful, and it is dangerous to view it as a costless way to solve long-term challenges. **TAGS:** **Debt and fiscal/monetary policies**; **Sovereign bonds yields**

The inverted yield curve

Inês Goncalves Raposo - Bruegel Affiliate Fellow

Longer-term yields falling below shorter-term yields have historically preceded recessions. Last week, the US 10-year yield was 21 basis points below the 3-month yield, a feat last seen during the summer of 2007. Is the current yield curve a trustworthy barometer for future growth? **TAGS:** **Sovereign bonds yields**; **Financial Analysis**; **Financial stability**

[The long-term decline in bond yields enters a new phase](#)

The Economist

It is hard to be truly confident about the future path of real interest rates. The reasons for their decades-long decline are not well understood or agreed upon. One school stresses an increased desire for saving. Demographic change is part of this story. As a large chunk of the rich world's population approaches the end of their working lives, they seek to set aside more of their income for retirement. The integration of high-saving China into the world economy is another factor. In this view, long-term interest rates had to fall simply to clear the saturated global market for savings.[…] **TAGS: Debt and fiscal/monetary policies**

China Economic Snapshot

OECD

China's "New Era" started with strong growth and per capita GDP will likely double by 2020 relative to 2010, thus making a large contribution to the expansion of the world economy. According to long-term growth scenarios, until around 2030, China would contribute more to world growth than OECD countries. In that year, China's share of world output would peak at 27%. In the recent couple of years, a greater focus has been put on the quality of growth rather than its pace, with early signs of success. Efforts have been made to stimulate domestic consumption and to avoid the worsening of macroeconomic imbalances. In the recent period, downward pressure on the economy has increased, partly as a result of escalating trade tensions, prompting the government to swiftly introduce stimulus measures to support growth. **TAGS: Economic Forecasts; Financial stability; Structural policies**

Explaining why investors hold Sovereign Bonds with Default Risk

Linda Gorman - National Bureau of Economic Research

External sovereign bonds denominated in U.S. dollars or British pounds had average annual real returns of 6.8 percent between 1815 and 2016, even after accounting for defaults, wars, and revolutions. Why do investors lend to national governments with a history of defaulting on external sovereign bonds? New research suggests the answer is that, on average over the last two centuries, sovereign bonds have been a profitable investment. **TAGS: Sovereign bonds yields; Foreign Debt; Sovereign defaults**

The effects of APP reinvestments on euro area bond markets

Benoît Cœuré - Member of the Executive Board of the ECB

In December 2018 the Governing Council decided to halt net purchases under its asset purchase programme (APP) and to continue reinvesting, in full, the principal payments from maturing securities for an extended period of time past the date when we start raising the key ECB interest rates, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation. In my short remarks this evening I will take stock of euro area bond market developments since the start of the year without elaborating on the future course of monetary policy, which the Governing Council discussed at its meeting last week in Vilnius.[…] **TAGS: Debt and fiscal/monetary policies; Sovereign debt market; Sovereign bonds yields; Secondary Markets**

Why U.S. Debt must continue to rise

Michael Pettis - Peking University's Guanghua School of Management

Debt is rising more quickly in the United States than most people would prefer. This is happening in part because the U.S. current account deficit and the country's high level of income inequality distort the structure and amount of American savings. **TAGS: Debt sustainability**; **Financial stability**

Post-Crisis Recovery, Resilience Building and Policy Reforms in Iceland

Már Guðmundsson - Icelandic Central Bank

National income per capita 12% higher in 2018 than in 2007; we rank higher relative to other countries than before the crisis: Above full employment for the past three years; Inflation close to target for about five years; Fiscal position strong; Private sector debt has fallen steeply and is low in historical context. **TAGS: Debt and fiscal/monetary policies**; **Debt sustainability**; **Financial stability**

How Credible are Rules Requiring Sovereign States to Give Super-Priority to the Public Debt?

Mitu Gulati, Ugo Panizza, Mark Weidemaier, Gracie Willingham – Oxford University

Some years ago, when the US was about to hit its legally-prescribed debt ceiling and potentially default, a group of legislators had an idea. They proposed that if the government hit the debt limit, it would be required to pay holders of the public debt before other claimants. The ostensible goal was to ensure that the public debt markets did not panic every time the US neared its debt ceiling. Although the proposal was not enacted, similar rules have been adopted elsewhere.[…] **TAGS: Sovereign defaults**; **Contract standards**; **Sovereign immunity**

TEG Report on EU green bond standard

European Commission

The report proposes the content of a draft EU-GBS (see Chapter 3 and Annex 1), explains its purpose, sets its ambition level, and explains how we think the creation of this EU-GBS will address barriers to market development (see section 3.1) and will support its role in channeling substantial financial flows to Green Projects. The report also provides guidance to the European Commission on the proposed way forward for the EU-GBS, including the creation of a centralised accreditation scheme for external verifiers (see Chapter 4 and Annexes 5 to 7). Last but not least, the report elaborates on possible incentives (see Chapter 5), based on the EUGBS, to enhance the growth of green bond issuance and the links with other sustainable financing instruments in a wider context (see Chapter 6). The EU-GBS should also feed into the work being launched in parallel by the European Commission on a potential EU Ecolabel for financial products.[…] **TAGS: Contract standards**; **Debt sustainability**; **Primary market**; **Bond market development**

Euro Area Sovereign Bonds: CACs or no-CACs?

Mitu Gulati, Mark Weidemaier - Duke University, University of North Carolina

Beginning January 1, 2013, Euro Area authorities required member countries to include "collective action clauses," or "CACs," in sovereign bonds with a maturity over one year. CACs are a voting mechanism by which a bondholder supermajority (e.g., 66.67% or 75%) can restructure bond terms in a vote that binds dissenters. Before 2013, the vast majority of sovereign bonds issued by Euro area countries not only lacked CACs; they essentially said nothing about restructuring. Because of this policy change in 2013, almost every Euro Area sovereign has two sets of bonds outstanding: CAC bonds and no-CAC bonds. […]**TAGS: Debt Policy**; **Contract standards**

Beyond Public Debt. The hidden rapid erosion of EU Government Balance Sheets is a financial threat to society. How to stop it

Jorge Núñez Ferrer, Roberto Musmeci, Sole Special Advisor: Paul B. Kazarian – CEPS

A recent CEPS study[using the results and methodology of the Kazarian Centre for Public Financial Management estimates that the total financial and non-financial assets of governments in all EU member states in 2017 amounted to €15 trillion, while financial and non-financial liabilities amounted to €29 trillion. This means €29,600 in public assets and €58,200 in liabilities, or a negative net worth of €28,100 for each European citizen.[…] **TAGS:** **Debt and growth**; **Debt and fiscal/monetary policies**; **Debt sustainability**

Position Paper on Green Bonds Impact Reporting 2019

Nordic Public Sector Issuers

The document primarily targets persons engaged in impact reporting in issuer organisations, such as environmental officers, sustainability analysts and investor relations specialists. We trust it is of interest and value to investors, as it gives an overview of the reporting commitments made by this group of green bond issuers. We recognize the need to strike a balance between: a) a commitment to deliver impact reporting at a certain, manageable level and b) absolute, detailed and fully verifiable numbers on project level and in the local context. **TAGS:** **Accounting, statistics, Reporting and Auditing**; **Bond market development**

Wide-ranging reforms needed to ensure Italy's economic recovery

OECD

Stronger, more inclusive and sustainable growth, better job opportunities and a reduction in the level of public debt in Italy require a comprehensive programme of far-reaching reforms while maintaining the important measures taken in recent years, according to a new OECD report. The latest Economic Survey of Italy says the country's GDP is expected to fall by around 0.2% this year before growing 0.5% in 2020. GDP per capita is broadly at the same level of 20 years ago and poverty remains high, especially among the young. Low productivity growth and wide social and regional inequalities are long-standing challenges which need to be tackled vigorously. The public debt as a share of GDP remains high, at 134%, and a source of risks.[…] **TAGS:** **Debt sustainability**; **Economic Forecasts**; **Structural policies**

Promises to repay and sovereign spreads

Mitu Gulati, Ugo Panizza, Mark Weidemaier, Grace Willingham - Duke University, Pictet Chair at the Graduate Institute Geneva, University of North Carolina, Duke Law School

One way for a government to reassure investors of its willingness to repay is to give them a priority claim to state assets. It remains to be seen, however, whether such commitments are viewed as credible by market participants. This column investigates how markets responded to two such commitments. A commitment by the government of Spain did not affect yield spreads, while one by the government of Puerto Rico did. This may be because, as a sub sovereign, Puerto Rico faced higher constraints on its ability to renege. **TAGS:** **Contract standards**; **Debt sustainability**; **Sovereign risk premia**; **Sovereign bonds yields**

Insights on debt sustainability analysis from an optimizing framework

M. Athanasopoulou, A. Consiglio, A. Erce, A. Gavilan, E. Moshammer, S.A. Zenios - European Stability Mechanism, University of Palermo, University of Cyprus

Effective official sector surveillance and crisis lending depend upon an accurate assessment of debt sustainability. Debt sustainability analysis (DSA), aims precisely to detect and quantify any latent public debt risks (IMF 2013b), and, also, to determine the combination of official financing and adjustment measures that will bring a country's debt to a sustainable level. The IMF's exceptional access policy stipulates a debt restructuring delivering sufficient relief before the IMF can provide financing, if debt is not deemed sustainable with high probability.[…] **TAGS:** **Debt sustainability**; **Multilateral financing**; **Cost and Risk**

Exploding Public and Private Debt, declining ODA and FDI, lower World GDP and Trade Growth - Developing Countries Facing a conundrum

Global University Network for Innovation

Recently international institutions repeatedly cut the projections for world gross domestic product (GDP) growth of 2019, revealed further worsened accumulation of debt, reported declining official development assistance (ODA), highlighted consecutive drops of foreign direct investment (FDI) flows and showed decelerated international trade and intensified trade tension. A closer examination of the performance of developing countries in these datasets shows clearly the economic conundrum that developing countries are facing. **TAGS:** **Debt sustainability**; **Financial stability**; **Debt and growth**; **Debt and recession**

Financing for Sustainable Development Report 2019

Global University Network for Innovation

Sixty-plus international organizations, led by the United Nations and including the International Monetary Fund, the World Bank Group and World Trade Organization, jointly sounded the alarm Thursday in a new report, warning that unless national and international financial systems are revamped, the world's governments will fail to keep their promises on such critical issues as combatting climate change and eradicating poverty by 2030.[…] **TAGS:** **International and Macroprudential Regulations**; **Trading platforms**; **Debt restructuring**; **Structural policies**

OECD governments need to start refinancing their debts

Fatos Koc – OECD

Governments need to focus on their debts with OECD research showing sovereign borrowing is to hit a record high in 2019, says the OECD's Fatos Koc. Compared to the pre-crisis level, outstanding central government debt for the OECD area as a whole doubled in nominal terms, and exceeded USD 45 trillion in 2018. During the past decade, sovereign debt structure in the OECD area has been significantly affected by the fiscal and monetary policy responses to the financial crisis.[…] **TAGS:** **Debt sustainability**; **Financial stability**; **Debt and growth**; **OECD**

The age of Leverage

Carolyn A. Wilkins - UBC Vancouver School of Economics

Rising debt is a most concerning global development. Global debt now totals around US$240 trillion—that's US$100 trillion higher than just before the financial crisis, and more than three times current global gross domestic product (GDP).1 The figure encompasses borrowing by governments, businesses and households. Whether a homeowner or a businessperson, one knows first-hand that high leverage can leave people, firms and sovereigns in a vulnerable financial position.[…] **TAGS:** **Financial stability**; **Debt sustainability**

Global Sovereign Debt monitor 2019

Jubilee Germany / erlassjahr.de

The global debt situation has been at a dramatically high level for years and, at the same time, the debt has continued to rise. In recent years, the situation in three-quarters of the countries in critical debt has worsened further. This global debt crisis is being fuelled by excessive lending to poorer countries. Rising interest rates and falling commodity prices have already led to suspensions of payment in 17 countries. **TAGS:** **Debt Statistics**; **Debt sustainability**; **Debt crisis**; **Sovereign defaults**

The invisible gear - Repurchase Agreement and the (Credit) Repo Market - Part 2

Bocconi Students Investment Club

After examining the main features of the repo market as well as some peculiar characteristics of the European credit repo market (http://www.bsic.it/the-invisible-gears-repo-agreement-and-the-credit-repo-market-part-1/) this article focuses on what happens when a repo fails (and why this might happen) and the recent reform of the CSDR, i.e. the Central Securities Depository Regulation. This reform will be put in place via RTS (regulatory Technical Standards) through which this reform has been ruled will start applying in September 2020. **TAGS:** **Repo market**

The fundamental review of the Trading Book and Emerging Markets

ISDA

In January 2019, the final piece of Basel III fell into place with the publication of the revised framework for market risk capital, known as the Fundamental Review of the Trading Book (FRTB). The FRTB makes a number of important changes, including the introduction of a more risk sensitive standardized approach (SA), desk-level approval for internal models, and a capital add-on for non-modellable risk factors (NMRFs).[…] **TAGS:** **International and Macroprudential Regulations**

Rating Methodology - Public Finance Sovereign Ratings

ScopeRatings

This rating methodology explains Scope's approach to assigning sovereign credit ratings. Scope's assessment continues to be based on five categories of sovereign risk: 'Domestic economic risk', 'Public finances risk', 'External economic risk', 'Financial stability risk' and 'Institutional & political risk'. The respective weights of these key quantitative criteria and the qualitative assessment that accompanies Scope's approach remain unaltered.[…] **TAGS:** **Sovereign Credit Ratings**

SwapsInfo First Quarter of 2019 Review

ISDA

IRD traded notional rose by 5.0% to $69.9 trillion from $66.6 trillion in the first quarter of 2018. Trade count grew by 3.3% over the same period to 377,229 from 365,305. Single currency fixed-for-floating interest rate swaps (IRS) traded notional increased to $20.2 trillion from $19.6 trillion. Forward rate agreements (FRAs) traded notional rose to $27.1 trillion from $24.0 trillion, and overnight index swaps (OIS) traded notional increased to $14.3 trillion in the first quarter of 2019 from $14.2 trillion in the first quarter of 2018. […] **TAGS:** **Derivatives**; **Sovereign CDS**

CCP Best Practices

ISDA

Two central counterparties (CCPs) have experienced clearing member defaults over the past five years that have exceeded the defaulting member's contribution to default resources and required the use of mutualized resources in the default fund, spreading losses to other CCP participants. These defaults – which occurred in the futures segment of the Korea Exchange and, more recently, at Nasdaq Clearing in Europe – have highlighted weaknesses in some CCP risk management practices and underscore the importance of a more consistent implementation of risk management best practices by CCPs around the world. […] **TAGS:** **Best Practices**; **Financial stability**; **Transparency**; **Derivatives**

2018

[Debt management report 2018-19]

UK HM Treasury

The 'Debt management report' is published in accordance with the 'Charter for Budget Responsibility'. The Charter requires the Treasury to "report through a debt management report – published annually – on its plans for borrowing for each financial year" and to set remits for its agents. The Charter requires the report to include: - the overall size of the debt financing programme for each financial year; - the planned maturity structure of gilt issuance and the proportion of index-linked and conventional gilt issuance; - a target for net financing through NS&I.

The UK Debt Management Office (DMO) publishes detailed information on developments in debt management and the gilt market over the previous year in its 'Annual Review'. […] **TAGS: Debt Policy; Debt Statistics; Cost and Risk**

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10 years of Green Bonds: creating the Blueprint for sustainability across Capital Markets

The World Bank

The phone call to the World Bank Treasury came out of the blue: in late 2007, a group of Swedish pension funds wanted to invest in projects that help the climate, but they did not know how to find these projects. But they knew where to turn and called on the World Bank to help. Less than a year later, the World Bank issued the first green bond—and with it, created a new way to connect financing from investors to climate projects. Bonds are essentially an agreement where issuers borrow funds from investors and must repay investors at an agreed rate after a specified amount of time. Governments, companies and many others issue bonds to borrow money for projects. […] **TAGS: Primary market**; **Debt sustainability**; **Bond market development**; **World Bank**

Brazil Economic Snapshot 2018

OECD

Strong growth and remarkable social progress over the past two decades have made Brazil one of the world's leading economies, despite the deep recession that the economy is now emerging from. Macroeconomic stability, favourable demographic trends and external conditions allowed an expansion of private and public consumption, in the context of solid employment and wage growth. A buoyant labour market coupled with improving access to education and extensive transfer programmes allowed millions of Brazilians to move into better jobs and attain better living standards. As 25 million Brazilians have escaped poverty since 2003, growth has become much more inclusive. These are remarkable achievements. **TAGS: Economic Forecasts**; **Debt sustainability**; **Debt and fiscal/monetary policies**; **OECD**

OECD Economic Surveys Greece - April 2018

OECD

The economy is recovering and fiscal credibility has improved. Well targeted social programmes will enhance social inclusion and intergenerational equity. Despite significant reforms, cumbersome regulation and lack of finance hinder private investment. **TAGS: Economic Forecasts**; **Debt sustainability**; **Structural policies**; **OECD**

The depths of the cuts: the uneven geography of local government austerity

Mia Gray, Anna Barford - University of Cambridge, UK

Austerity, the sustained and widespread cuts to government budgets, has characterised Britain's public policy since 2010. The local state has undergone substantial restructuring, driven by major budget reductions from central government. Hitherto, few studies of austerity in the UK have considered the interplay of national and local policies. We contribute a fine-grained spatial analysis of local authority budgets, highlighting their socioeconomically and geographically uneven impacts. We identify substantial variations between authorities in terms of funding, local tax-base, fiscal resources, assets, political control, service-need and demographics. We argue that austerity has actively reshaped the relationship between central and local government in Britain, shrinking the capacity of the local state, increasing inequality between local governments and exacerbating territorial injustice. **TAGS:** **Debt sustainability**; **Financial stability**; **Structural policies**; **Subnational debt**

Green Bond Impact Report 2018

IFC International Finance Corporation

Our recent Climate Business Report found that more than $1 trillion in investment is already flowing into climate-related projects every year. Yet trillions more are needed. That's why finding new avenues for green financing is a key priority at IFC, the largest global development organization working with the private sector in emerging markets. The good news is that climate change is not only an environmental menace but also a tremendous business opportunity. Climate action generates natural capital, opening the way to billions of dollars of investments and profitable ways to help protect the planet. In fact, we are living in the decade of green bonds, generating financing from the private sector for renewable energy – solar, wind and biomass – energy efficiency, green buildings and other eco-friendly projects. **TAGS:** **Primary market**; **Bond market development**

News

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

Events and Courses

The following list contains past and future events in chronological order.

The reason for listing new and expired events is to show an at-a-glance collection of new entries published on our website after the release of the previous Bimonthly Newsletter.

To stay updated in advance about new future events, besides reading this list, go directly to the "**Events**" section of our website, since the Secretariat adds regularly new events in advance to their dates and deadlines.

9 - 12 June 2019; Nast.org, Portland, USA
Treasury Management Training Symposium 2020

19 June 2019; LUISS Guido Carli, Rome, Italy
Lessons on Sovereign Debt Sustainability: Seminar with Aitor Erce

28 – 29 June 2019; ZEW, Mannheim Germany
Regulating Sovereign Debt Restructuring in the Eurozone

9 – 10 July 2019; ICC, Birmingham
Annual Conference Public Finance Live 2019

18 – 19 July 2019; Fimmda.org, Mumbai, India
International Financial Reporting Standard-9 (IFRS-9) & An Introduction to Fundamental Review of Trading Book (FRTB)

18 – 20 July 2019; Central Bank Research Association, NYC, USA
2019 Annual Meeting at Columbia University & NY Fed

22 - 26 July 2019; Salaamgateway.com, Durham University, UK
Durham Islamic Finance Summer School 2019

24 – 25 July 2019; IMF, Santiago, Chile
Current Policy Challenges Facing Emerging Markets

25 July 2019; NUS National University Singapore, Conrad Centennial Singapore
Thirteenth Annual Risk Management Conference

25 – 26 July 2019; fimmda.org, Mumbai, India
Training Program - Hedging tools for Interest rate risk

29 July – 16 August 2019; LSE, London UK
Advanced Econometrics

1 August 2019; Moody's, Webcast
Update on US Regional and Global Investment Banks Following 2Q Results

5 – 16 August 2019; Joint Vienna Institute – IMF; Wien, Austria
Vulnerability Diagnostics

5 - 6 August 2019; Moody's, London, UK
Analysis of Sovereign and Country Risk

5 – 6 August 2019; Masterclass of Sovereign Credit Risk, Kuala Lumpur, Malaysia
Masterclass of Sovereign Credit Risk

6 August 2019; Cbonds, Sao Paulo, Brazil
Latin America bond market seminar (Brazil)

9 August 2019; Cbonds, Hotel Emperador, Buenos Aires, Argentina
III Round table «Latin America debt market (Argentina)»

14 August 2019; GFOA Government Finance Officers Association, Minneapolis, USA
Overview of a Bond Issuance

14 August 2019; Moody's, New York, USA
Financial Analysis of Local Governments

17 – 18 August 2019; CESI, Peking University, Beijing, China
China Economics Summer Institute (CESI)

19 – 20 August 2019; Halle Institute for Economic Research, Halle (Saale), Germany
5th IWH-FIN-FIRE Workshop on "Challenges to Financial Stability"

19 – 20 August 2019; WU Research Institute for Capital Markets, Vienna, Austria
Vienna Symposium on Foreign Exchange Markets

26 – 27 August 2019; Deutsche Bundesbank and others, Frankfurt am Main, Germany
Regulating Financial Markets

1 – 6 September 2019; University of Oxford and others, Oxford, United Kingdom
Social Outcomes Conference 2019

2 – 19 September 2019; Foundation of the Swiss National Bank, Study Center Gerzensee, Switzerland
Instruments of financial markets

2 September – 4 October 2019; UNITAR, Web Based
Basic Course on Public Debt Management (2019)
4– 6 September 2019; Salaamgatewaycom, Mansion House, London, UK
UK Islamic Finance Week 2019

4 – 5 September 2019; PDM Network, Headquarters of the OECD in Paris, France
PDM Network Public Debt Management Conference

9 – 11 September 2019; Bank of Italy, Rome, Italy
Central banks' communication

11 - 12 September 2019; Moody's, New York, USA
Analysis of Sovereign and Country Risk

11 – 13 September 2019; triple helix association, Lublin, Poland
2019 RSA Central and Eastern Europe Conference

13 – 14 September 2019; inomics.com, Rimini Centre for Economic Analysis, Italy
10th RCEA Macro-Money-Finance Conference - a Recession Coming?

16 – 27 September 2019; WAIFEM, Lagos, Nigeria
Regional course on Modeling and Forecasting for Policy Analysis for Snr. Economists and Other Professionals

16 September – 18 October 2019; UNITAR, Web Based
Understanding International Contracts and Loan Agreements (2019)

16 September – 18 October 2019; UNITAR, Web Based
Advanced Risk Management (2019)

17 September 2019; Moody, Riyadh, Saudi Arabia
Saudi Arabia Conference

23 September - 25 October 2019; UNITAR, Web Based
Fundamentals of Microfinance (2019)

23 September – 25 October 2019; UNITAR, Web Based
Moody's 13th Annual Russia & CIS Summit

30 September – 11 October 2019; Joint Vienna Institute – IMF, Wien (Austria)
Monetary and Fiscal Policy Analysis with DSGE Models

30 September – 1 November 2019; UNITAR, Web Based
Principles of Central Bank Reserve Management (2019)

30 September – 1 November 2019; UNITAR, Web Based
Ethics in Public Finance (2019)

2 October 2019; European Capital Markets Institute, Brussels, Belgium
Call for Papers - 2019 European Capital Market Institute (ECMI) Annual Conference

7 – 9 October 2019; Worldwide Business Research, CCIB Barcelona, Spain
Fixed Income Leaders' Summit

7 – 18 October 2019; IMF / WAIFEM, Accra, Ghana
IMF / WAIFEM Regional Course on Financial Programming and Policies (FPP)

10 – 11 October 2019; Financial Training Partners A/S, Stockholm, Sweden
Bond Analysis

10 – 12 October 2019; Financial Training Partners A/S, Stockholm, Sweden
Certified Fixed Income Manager

10 – 11 October 2019; Moody's, Frankfurt, Germany
Analysis of Sovereign and Country Risk

10 – 11 October 2019; Moody's, New York, USA
Problem Credits: Early Warning Signs and Effective Actions

10 October 2019; ASIFMA, Tokyo, Japan
ASIFMA Annual Conference 2019: Developing Asia's Capital Markets in conjunction with EU-Asia Financial Services Dialogue and Dinner

16 – 17 October 2019; SIFMA, New York, NY or Webcast
AICPA and SIFMA FMS National Conference on the Securities Industry

17 October 2019; The Commonwealth, Washington D.C.
Commonwealth Finance Ministers Meeting

18 – 20 October 2019; Monetary Fund and the World Bank Group, Washington, D.C.
2019 Annual Meetings of the World Bank Group and the International Monetary Fund

21 October 2019; Redmoney, Washington D.C., USA
Sovereign Sukuk Dialogue

23 – 24 October 2019; Istanbul, Turkey
Bonds, Loans & Sukuk

24 – 25 October 2019; Deutsche Bundesbank, Frankfurt am Main, Germany
Financial Intermediation in a Globalized World

24 October 2019; Moody's, Moscow, Russia
Moody's 13th Annual Russia & CIS Summit

25 October 2019; OeNB with BIS and the Central Bank Research Association, Vienna, Austria
Call for papers: Digital currencies, central banks and the blockchain: policy implications

29 October 2019; LUISS, School of European Political Economy; Rome, Italy
Germany and its banking system - seminar with Michael Diederich

30 October 2019; Moody's, New York
Banking and Finance Conference

4 - 5 November 2019; Moody's, Hong Kong
Analysis of Sovereign and Country Risk

4 – 5 November 2019; Moody's, London, UK
Managing Market Risk in a Fixed-Income Portfolio

7 November 2019; Swiss Finance Institute, Zurich, Switzerland
13th Annual Meeting of SFI

12 November 2019; Moody's, London
Global Sovereign Summit

14 – 15 November 2019; Corvinus Business School, Budapest, Hungary
10th Annual Financial Market Liquidity Conference

18 – 22 November 2019; UNCTAD, Geneva, Switzerland
[12th Biennial UNCTAD Debt Management Conference & DMFAS Advisory Group Meeting]

18 – 19 November 2019; SIFMA, JW Marriott, Washington D.C., USA
[SIFMA's Annual Meeting 2019]

18 – 22 November 2019; IMF - Singapore Regional Training Institute, Singapore
[Sovereign Liability and Risk Management (SLRM)]

18 – 20 November 2019; IMF, Singapore
[Managing Sovereign Debt Risk (SLRM)]

21 - 22 November 2019; Moody's, Singapore
[Analysis of Sovereign and Country Risk]

26 November 2019; ASIFMA, Hong Kong
[ASIFMA 9th China Capital Markets Conference]

3 December 2019; RedMoney, Kuala Lumpur, Malaysia
[IFN FORUM Green & Sustainable Finance]

4 December 2019; Moody's, New York
[The Sub-Saharan Africa Briefing]

5 – 6 December 2019; Bank of Albania, Tirana, Albania
[13th South-Eastern European Economic Research Workshop]

5 – 6 December 2019; Central Bank Research Association, Mexico City, Mexico
[Call for papers: The effect of Monetary Policy Normalization on Emerging Markets]

11 – 12 December 2019; Financial Training Partners A/S, Stockholm Sweden
[OTC Derivatives - Pricing and Counterparty Risk]

31 December 2019; Central Bank Research Association, New Zealand
[Call for papers: New Zealand Economic Papers Special Issue - Central Banking: Challenges and Practices]

9 – 11 March 2020; Wbresearch.com, The Ritz-Carlton Westchester, White Plains, NY, USA
[Fixed income leaders' summit Emerging markets]

PDM Network in Figures

At **19th July 2019**, total documents and reports available on the PDM Network website were **7,449**. Events and News uploaded on the website since **April 2018** were respectively **325** and **2,619**. This newsletter is sent to **796** Subscribers from emerging and advanced countries.

Special Thanks

The PDM Secretariat is grateful to Banu Turhan Kayaalp (World Bank), Tanweer Akram (Thrivent Financial) and to the Brazilian, Cypriot and Japanese DMOs for information on new documents and reports.

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Ltd., Instituto superior de economia e gestao, Intesa Sanpaolo S.p.A., INTOSAI, Irish NTMA, International Social-Economic Development for Africa, Israeli Central Bank, Israeli Ministry of Finance, Italian MoF, Italian Senate, CRIEP, ITAM, Japan Bank for International Cooperation, Japanese MoF, JCVP Consulting, Jordanian Central bank, Jordanian MoF, Johannesburg Stock Exchange Limited, Jubilee Germany, Kenyan Central Bank, Kenyan MoF, Korea Bond Pricing, Latvian DMO, Lebanese MoF, Lesotho Central Bank, Linus Capital, Lisbon School of Economics & Management, Lithuanian MoF, Lithuanian National Audit Office, London Business School, Luxembourg MoF, MAK Azerbaijan Ltd, Malawian Reserve Bank; Maldives MoF, Maltese Central Bank, Maltese Treasury, Mauritius Ministry of Finance and Economic Development, MEFMI, Mexican MoF, Michele Robinson Consult, Ministry of Economy and Finance of Peru, Ministry of Economy and Public Finance of Bolivia, Ministry of Finance and Corporate Governance of Antigua, Ministry of Finance and Economic Development of Zimbabwe, Ministry Of Finance of Benin, Ministry Of Finance of Comores, Ministry of Finance of Saint Lucia, Ministry of Finance of St. Vincent and the Grenadines, Ministry Of Finance of Surimame, Ministry of Finance of the Russian Federation, Ministry Of Finance Trinidad and Tobago, Ministry of Foreign Affairs of Egypt, Ministry Of Public Finance of Guatemala, Moldovan Mof, Moody's Investors Service, Moroccan MoF, Mozambique Ministry of finance, Namibian MoF, National Bank of Abu Dhabi, National Chengchi University, New South Wales Treasury Corporation, Nicaraguans Ministry of Finance and Public Credit, Nigerian DMO, Central Bank of Norway, Norwegian MoF, OECD, NS&I Government Payment Services, Oliver Wyman, One2five advisory, Oxford Policy Management, Pakistani MoF, Papua NG Treasury, Paraguayan Ministry of Finance, Philippine Bureau of the Treasury, Philippines Ministry of Finance, Polish MoF, *Portuguese Central Bank, Province of British Columbia, Republic of Macedonia MoF, Reykjavik Academy, Romanian Court of Accounts, Romanian MoF, Rothschild Group, Rwandan Mof, Sain Kitts & Nevis MoF, San Diego State University, The Superior Audit Office of Mexico, SCMHRD-MBA Symbiosis, Senegalese Mof, Serbian Mof, Setif University , Slovak DMA, Slovenian MoF, Solomon Island Central Bank, South African National Treasury, South Korean MoF, Southern African Development Bank, Sovereign Analytics llc, Spanish Central Bank, Spanish MoF, Sri Lanka Central Bank, Stanford University, Storkey & Co Limited, Sudan Central bank, Sun Yat-sen University , Suriname Debt Management Office, Swaziland's MoF, Swedish DMO, Tandem Global Partners, Tanzanian MoF, Tribunal de Contas da Uniao, Thai MOF, The American College of Greece, The Audit Board of The Republic of Indonesia, The Economist Intelligence Unit, The George Washington University, The Government of Anguilla, The Gulf Bond and Sukuk Association, GBSA, The Milken Institute, The Ministry of Finance Grenada, The ONE Campaign, The People's Bank of China, The Pragma Corporation, The World Bank, Thrivent Financial, Timor-Leste MOF, Tudor Investment Corporation, Turkish Treasury, UK Central Bank, UK DMO, UN Department for Economic and Social Affairs, United Nations Conference on Trade and Development, Union Bank Of Nigeria, Universidad de los Andes, Universidad EAFIT, University "Dunarea de Jos" Galati, University of Antwerp, University of Bologna, University of Brussels, University of Campinas, University of Catania - Department of Economics and Business, University of Glasgow, University of London, Birkbeck, University of Maryland, University of Milan, University of Molise, University of Naples Federico II, University of Navarra, University of Piraeus, University of Rome "Roma Tre", University of Rome La Sapienza, University of Rome Tor Vergata, University of Sussex, University of Tokyo, University of Trieste, University of Tuzla, University of Varna, University of Vienna, University of Viterbo "La Tuscia", University of Zagreb, University of Zimbabwe, University of Zurich, Uruguayan MoF, US Treasury, Versed Professional Services, Vietnamese Mof, Walton College of Business, West African Monetary Union, World Bank Treasury, Wrightson ICAP, Zambia Revenue Authority, Zhongnan University of Economics and Law.*