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PDM NETWORK *Newsletter*

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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 bimonthly Newsletter is published on January, March, May, July, September and November. The PDM Network Secretariat welcomes cooperation on information published on the website. Thus, please feel free to **suggest any documents, news and events** relevant to public debt management issues by contacting the Secretariat at the following email: publicdebtnet.dt@tesoro.it.

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Special Focus

Webinar: Pros & Cons of Sovereign Green Bonds

World Bank Treasury

The World Bank Treasury organised a webinar on sovereign Green Bonds, where speakers presented benefits, challenges and costs of issuing these instruments with the objective of sharing experience and key lessons amongst practitioners. Participants included Anthony Requin, Chief Executive at Agence France Trésor, the French Debt Management Office, and Farah Imrana Hussain, Senior Financial Officer at the World Bank Treasury who has been advising country clients on Green Bonds and other financial instruments. [Read more](#) TAGS: [Primary market](#); [Debt sustainability](#); [Bond market development](#); [World Bank webinars](#)

Debt Policy

Sovereign Asset and Liability Management in Emerging Market Countries: The Case of Uruguay (2019)

André Amante, Phillip Anderson, Thordur Jonasson, Herman Kamil, Michael Papaioannou – Brazil's Central Bank, International Monetary Fund, Uruguayan MoF

This paper provides an overview of the strategic and operational issues as well as institutional challenges, related to the implementation of the Sovereign Asset and Liability Management (SALM) approach. Application of an SALM framework allows the authorities to identify and monitor sovereign exposure mismatches; increase resilience to foreign currency and interest rate risks; and thus, strengthen financial stability; and implement more cost-effective management of the public-sector debt. The analysis is based on emerging market (EM) countries and illustrated by the experience of Uruguay, using data as of end-2017. TAGS: [Debt Policy](#); [Sovereign ALM](#)

New Debt Policy in Azerbaijan: Hopes, Realities, Risks and Perspectives (2019)

Rashad Hasanov - Centre for Economic and Social Development

From the second half of 2014, Azerbaijani public debt increased considerably along with several new challenges facing the domestic economy. During this period, the ratio of foreign debt to GDP rose from 8.6% (01.01.2015) to 22.8% (01.06.2018). The increase was 3.4 billion US dollars in nominal terms. At the beginning of 2018, Azerbaijan's public debt amounted to 10 billion 100 million

US dollars, while the value of loans taken with state guarantees reached 12 billion 682 million US dollars, raising the ratio of debt to GDP to 55%. TAGS: [Debt Policy](#); [Debt Statistics](#); [Debt Forecasts](#)

Secondary Markets

The U.S. Public Debt Valuation Puzzle (2019)

Zhengyang Jiang, Hanno Lustig, Stijn Van Nieuwerburgh, Mindy Z. Xiaolan - Northwestern University, Columbia University, Stanford Graduate School of Business, University of Texas at Austin

The market value of outstanding federal government debt in the U.S. exceeds the expected present discounted value of current and future primary surpluses by a multiple of U.S. GDP. When the pricing kernel fits U.S. equity and Treasury prices and the government surpluses are consistent with U.S. post-war data, a USA Government debt valuation puzzle emerges. Since tax revenues are pro-cyclical while government spending is counter-cyclical, the tax revenue claim has a higher short-run discount rate and a lower value than the spending claim. Since revenue and spending are co-integrated with GDP, the long-run risk discount rates of both claims are much higher than the long Treasury yield. These forces imply a negative present value of U.S. government surpluses. Convenience yields for Treasuries are much larger than previously thought and/or U.S. Treasury markets have failed to enforce the no-bubble condition. TAGS: [Secondary Markets](#); [Debt and fiscal/monetary policies](#)

Winners and Losers from Sovereign Debt Inflows: Evidence from the Stock Market (2019)

Fernando Broner, Alberto Martin, Lorenzo Pandolfi, Tomas Williams - Universitat Pompeu Fabra, University of Naples Federico II, George Washington University

This paper analyzes the effects on firms of sovereign debt inflows in emerging countries. To deal with the endogeneity between capital inflows and economic activity, the authors focus on capital inflows driven by countries' inclusions into well-known local currency sovereign debt market indexes. These events convey little information about the future economic prospects of countries but induce large capital flows from institutional investors tracking the indexes. The authors show that inclusion-driven flows significantly reduce government bond yields and appreciate the domestic currency. In turn, these flows have heterogenous impact on firms' stock market returns. Government related firms, financial firms and firms with larger financial constraints experience positive abnormal returns following the announcement of these events. Instead, companies operating in export-intensive sectors have negative abnormal returns. Their findings shed novel light on the channels through which capital inflows to sovereign debt markets affect firms in the economy. TAGS: [Secondary Markets](#); [Sovereign bonds yields](#)

Fragmentation in global financial markets: good or bad for financial stability? (2019)

Stijn Claessens – BIS

The many regulatory reforms following the Great Financial Crisis of 2007-09 have most often been designed and adopted through an international cooperative process. As such, actions have tended to harmonise national approaches and diminish inconsistencies. Nevertheless, some market participants and policymakers have recently raised concerns

over an unwanted and unnecessary degree of fragmentation in financial markets globally, with possibly adverse effects for financial stability. This paper reviews the degree of fragmentation in various markets and classifies its possible causes. It then reviews whether fragmentation is necessarily detrimental to financial stability, suggesting that, as is more likely, various trade-offs exist. To identify and assess the scope for Pareto improvements, it concludes by outlining areas for further analysis. TAGS: [Secondary Markets](#); [Financial stability](#)

The cost of clearing fragmentation (2019)

Evangelos Benos, Wenqian Huang, Albert Menkveld, Michalis Vasios – BIS

Fragmenting clearing across multiple central counterparties (CCPs) is costly. This is because dealers providing liquidity globally, cannot net trades cleared in different CCPs and this increases their collateral costs. These costs are then passed on to their clients through price distortions which take the form of a price differential (basis) when the same products are cleared in different CCPs. Using proprietary data, the authors document an economically significant CCP basis for U.S. dollar swap contracts cleared both at the Chicago Mercantile Exchange (CME) and the LCH in London and provide evidence consistent with a collateral cost explanation of this basis. TAGS: [Secondary Markets](#); [Financial Analysis](#); [Derivatives](#)

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: [Secondary Markets](#); [Foreign Debt](#); [Sovereign risk premia](#); [Financial stability](#)

Subnational Debt

Are Overlapping Local Governments Competing with Each Other When Issuing Debt? (2019)

Spencer Brien, Wenli Yan - Graduate School of Defense Management, University of Kentucky
Local public services are produced through various overlapping jurisdictions. This study examines how the issuance of municipal general obligation bonds is affected by the tax policies of overlapping local governments. The findings challenge the hypothesis that the shared tax base would be overused in a common-pool resource scenario. Instead, the empirical results show that the issuance of general obligation bonds is more likely in jurisdictions where counties and school districts make more intensive use of the property tax. These findings highlight the importance of the signals local governments receive from their overlapping neighbours regarding voters' demand for additional public spending. TAGS: [Subnational debt](#); [Debt and fiscal/monetary policies](#)

Financial Analysis

Fiscal-Financial Vulnerabilities (2019)

Ludger Schuknecht – OECD

The paper analyses the linkages from financial developments to public finances. It maps and discusses the transmission channels to fiscal variables. These channels include asset prices, financing conditions, balance sheets of banks, non-banks and central banks and international linkages. The study argues that the fiscal effects via each and all these channels can be very serious in magnitude and can put the sustainability of public finances at risk. However, there is only limited in-depth analysis of these channels and risks. TAGS: [Financial Analysis](#); [Financial stability](#); [Debt sustainability](#)

Arbitrage in International Sovereign Debt Markets? Evidence from the Inflation Protected Securities of Six Countries (2019)

Arben Kita, Daniel L. Tortorice - University of Southampton, College of the Holy Cross

The authors consider an arbitrage strategy which exactly replicates the cash flow of a sovereign nominal bond using inflation swaps and inflation-linked bonds. The strategy reveals a violation of the law of one price in the G7 countries which is largest for the eurozone. Testing the strategy's exposure to deflation, volatility, liquidity, and macroeconomic risks shows the observed mispricing is a risk premium which is more pronounced in the eurozone. The authors find less support that financial limits to arbitrage explain the mispricing. The authors conclude that pure long-run arbitrage opportunities persist when these strategies are exposed to intermediate financial risks. TAGS: [Financial Analysis](#); [Sovereign risk premia](#)

Government Debt, Dividend Growth, and Stock Returns (2019)

Yulong Sun - Bocconi University

This paper documents that the higher debt-to-GDP ratio can predict both higher dividend growth and higher stock returns. The finding is consistent with Lettau and Ludvigson (2005)'s argument that there exists a common component among stock returns and dividend growth which resolves the US asset pricing puzzle that the dividend-price ratio can only predict discount rates but not cash flows. To rationalize this finding, the authors propose a production-based asset pricing model incorporating a cash-retention friction on the corporate sector. The model can produce testable predictions that the increase in public debt moves both dividend payment and the cost of capital in the same direction, resulting in the capture of the common component. **TAGS:** [Financial Analysis](#); [Debt and growth](#)

[Beyond LIBOR: a primer on the new benchmark rates \(2019\)](#)

Andreas Schrimpf Vladyslav Sushko - BIS

The transition from a reference rate regime centred on interbank offered rates (IBORs) to one based on a new set of overnight risk-free rates (RFRs) is an important paradigm shift for markets. This special feature provides an overview of RFR benchmarks, and compares some of their key characteristics with those of existing benchmarks. While the new RFRs can serve as robust and credible overnight reference rates rooted in transactions in liquid markets, they do so at the expense of not capturing banks' marginal term funding costs. Hence, there is a possibility that, under the new normal, multiple rates may coexist, fulfilling different purposes and market needs. **TAGS:** [Financial Analysis](#); [Derivatives](#); [Bond market development](#)

[Sovereign Debt and structural reforms \(2019\)](#)

Andreas Muller Kjetil Storesletten Fabrizio Zilibotti - University of Essex University of Oslo Yale University

The authors construct a dynamic theory of sovereign debt and structural reforms with limited enforcement and moral hazard. A sovereign country in recession wishes to smooth consumption. It can also undertake costly reforms to speed up recovery. The sovereign can renege on contracts by suffering a stochastic cost. The Constrained Optimal Allocation (COA) prescribes imperfect insurance with non-monotonic dynamics for consumption and effort. The COA is decentralized by a competitive equilibrium with markets for renegotiable GDP-linked one-period debt. The equilibrium features debt overhang: reform effort decreases in a high debt range. The authors also consider environments with less complete markets. **TAGS:** [Financial Analysis](#); [Structural policies](#)

[An inquiry concerning long-term U.S. interest rates using monthly data \(2019\)](#)

Tanweer Akram and Huiqing Li - Thrivent Financial, Center for China Fiscal Development, Central University of Finance and Economics

This paper undertakes an empirical inquiry concerning the determinants of the long-term interest rate on U.S. Treasury securities. It applies the bounds testing procedure to cointegration and error correction models within the autoregressive distributive lag (ARDL) framework, using monthly data and estimating a wide range of Keynesian models of long-term interest rates. While previous studies have mainly relied on quarterly data, the use of monthly data substantially expands the number of observations. This in turn enables the calibration of a wide range of models to test various hypotheses. The short-term interest rate is the key determinant of the long-term interest rate, while the rate of core inflation and the pace of economic activity also influence the long-term interest rate. A rise in

the ratio of the federal fiscal balance (government net lending/borrowing as a share of nominal GDP) lowers the long-term interest rate on Treasury securities. The short- and long-run effects of short-term interest rates, the rate of inflation, the pace of economic activity, and the fiscal balance ratio on the long-term interest rate are estimated. The findings reinforce Keynes's prescient insights on the determinants of government bond yields. **TAGS:** [Financial Analysis](#); [Sovereign bonds yields](#); [Debt and fiscal/monetary policies](#)

[Spread the word: international spillovers from Central Bank Communication \(2019\)](#)

Hanna Armelius, Christoph Bertsch, Isaiah Hull
Xin Zhang – BIS

The authors construct a novel text dataset to measure the sentiment component of communications for 23 central banks over the 2002-2017 period. Their analysis yields three results. First, comovement in sentiment across central banks is not reducible to trade or financial flow exposures. Second, sentiment shocks generate cross-country spillovers in sentiment, policy rates, and macroeconomic variables; and the Fed appears to be a uniquely influential generator of such spillovers, even among prominent central banks. And third, geographic distance is a robust and economically significant determinant of comovement in central bank sentiment, while shared language and colonial ties have weaker predictive power. **TAGS:** [Financial Analysis](#); [Financial stability](#); [Debt and fiscal/monetary policies](#)

[Assessing the spillover effects of U.S. monetary policy normalization on Nigeria sovereign bond yield \(2019\)](#)

Kpughur Moses Tule, Osana Jackson Odonye,
Udoma Johnson Afangideh, Godday
Uwawunkonye Ebu, Elijah Abasifreke, Paul

Udoh, Augustine Ujunwa - Central Bank of Nigeria

This study examines the spillover effects of U.S. monetary policy normalization on Nigeria 10-Year Treasury bond yield between 2011 and 2017, using the vector error correction model approach. Authors' results reveal that domestic factors, such as exchange rate and inflation, rather than the U.S. 10-Year sovereign bond yield, are the key drivers of Nigeria 10-Year bond yield. Additionally, the spillover effect from the U.S. monetary policy was amplified by oil price shocks and changes in Nigeria's monetary policy rates. Authors' counterfactual analysis confirms the findings.

TAGS: [Financial Analysis](#); [Debt sustainability](#); [Financial stability](#); [Debt and fiscal/monetary policies](#)

[Corporate Yields and Sovereign Yields \(2019\)](#)

Julia Bevilacqua, Galina B. Hale, Eric Tallman -
Wharton School of Business, Federal Reserve
Bank of San Francisco

The authors document that positive association between corporate and sovereign cost of funds borrowed on global capital markets weakens during periods of unusually high sovereign yields, when corporate borrowers are able to issue debt that is priced at lower rates than sovereign debt. This state-dependent sensitivity of corporate yields to sovereign yields has not been previously documented in the literature. The authors demonstrate that this stylized fact is observed across countries and industries as well as for a given borrower over time and is not explained by a different composition of borrowers issuing debt during periods of high sovereign yields or by the relationship between corporate and sovereign credit ratings. The authors show that even if they exclude high-yield episodes that accompany financial crises and IMF programs, the sensitivity of corporate yields to sovereign yields is lower when sovereign yields are high. The authors propose a simple information model that rationalizes

their empirical observations: when sovereign yields are high and more volatile, corporate yields are less sensitive to sovereign yields.

TAGS: [Financial Analysis](#); [Sovereign bonds yields](#)

[Pricing Sovereign Debt in Resource-Rich Economies \(2019\)](#)

Thomas McGregor – IMF

How do oil price movements affect sovereign spreads in an oil-dependent economy? The author develops a stochastic general equilibrium model of an economy exposed to co-moving oil price and output processes, with endogenous sovereign default risk. The model explains a large proportion of business cycle fluctuations in interest-rate spreads in oil-exporting emerging market economies, particularly the counter-cyclical nature of interest rate spreads and oil prices. Higher risk-aversion, more impatient governments, larger oil shares and a stronger correlation between domestic output and oil price shocks all lead to stronger co-movements between risk premiums and the oil price. **TAGS:** [Financial Analysis](#); [Sovereign risk premia](#)

[Debt Crisis](#)

[Debt Is Not Free \(2020\)](#)

Marialuz Moreno Badia, Paulo Medas, Pranav Gupta, Yuan Xiang - International Monetary Fund

With public debt soaring across the world, a growing concern is whether current debt levels are a harbinger of fiscal crises, thereby restricting the policy space in a downturn. The empirical evidence to date is however inconclusive, and the true cost of debt may be overstated if interest rates remain low. To shed light into this debate, this paper re-examines the importance of public debt as a leading indicator of fiscal crises using machine learning techniques to account for complex interactions – previously ignored in the literature. The authors find that public

debt is the most important predictor of crises, showing strong non-linearities. Moreover, beyond certain debt levels, the likelihood of crises increases sharply regardless of the interest-growth differential. Authors' analysis also reveals that the interactions of public debt with inflation and external imbalances can be as important as debt levels. These results, while not necessarily implying causality, show governments should be wary of high public debt even when borrowing costs seem low.

TAGS: [Debt crisis](#); [Debt sustainability](#)

[Sovereign Indebtedness and Financial and Fiscal Conditions \(2019\)](#)

António Afonso, João Tovar Jalles - University of Lisbon, UECE and REM

The authors empirically assess the magnitudes of sovereign indebtedness responses for a sample of 123 Advanced and Emerging Market Economies, between 1980 and 2018, taking into account the changing characteristics of financial markets, notably the Global and Financial Crisis. Authors' results show that when the financial conditions are more stressful, for instance, higher yield spreads or a heightened degree of financial stress, fiscal authorities use more actively their primary balance to reduce sovereign indebtedness, which is not the case when financial market conditions are more benign. This is notably true for the case of Emerging Market Economies sovereigns, who most likely then struggle more to fund themselves. **TAGS:** [Debt crisis](#); [Debt sustainability](#); [Debt and fiscal/monetary policies](#)

[Sovereign debt crisis in Portugal and Spain \(2019\)](#)

António Afonso, Nuno Verdial - University of Lisbon

The 2007-2008 financial crisis and the European sovereign debt crisis effects rippled

through the financial system, banks and sovereign states. The authors analyze these events, focusing on the Portuguese and Spanish case after providing an insight into the Eurozone. The authors assessed the pricing of sovereign risk by performing an OLS/2SLS fixed effects panel analysis on a pool of Eurozone countries and a SUR regression with Portugal and Spain covering the period 1999:11 until 2019:6. Their results show that the pricing of sovereign risk changed with the crisis and the “whatever it takes” speech of Mario Draghi. Specifically, market pricing of the Eurozone credit risk, liquidity risk and the risk appetite increased after the crisis and it relaxed afterwards. The authors did not find evidence of specific pricing regime changes after the speech in the Portuguese and Spanish case. **TAGS: [Debt crisis](#); [Sovereign risk premia](#); [Debt and fiscal/monetary policies](#)**

[The Fire-sale Channels of Universal Banks in the European Sovereign Debt Crisis \(2019\)](#)

Giulio Bagattini, Falko Fecht, Patrick Weber - Frankfurt School of Finance and Management, Deutsche Bundesbank

The authors use a unique security-level data set to analyze correlations in bond trading of banks, their respective retail customers and their affiliated mutual funds. Matching banks' proprietary holdings with the holdings of their funds and their retail customers for the period 2009-2016 at the security level, the authors find evidence that banks sold off risky euro-area sovereign bonds to both their retail customers and their affiliated mutual funds (particularly their public funds) during the European sovereign debt crisis. Overall, this enabled banks with affiliated mutual funds to sell off larger amounts of their risky sovereign bond holdings, while bank-affiliated mutual funds acquired more risky sovereign bonds compared to their unaffiliated peers. The larger the risky sovereign bond position a fund acquired from its parent bank, the lower

are the fund's short-term raw returns controlling for the risky bonds the fund overall acquired. Authors' findings show that banks use their customers' portfolio and their affiliated funds as liquidity provider when they sell off their risk bonds without paying the funds the adequate liquidity premium. On the one hand, this points to a severe conflict of interest between banks' own account trading and their asset and wealth management services. On the other hand, it highlights that the severity of fire-sale contagion depends on the organizational structure of the financial sector. **TAGS: [Debt crisis](#); [Institutional investors](#); [Sovereign debt exposure](#)**

[Sovereign debt crisis, fiscal consolidation, and active central bankers in a monetary union \(2019\)](#)

P. Canofari, G. Di Bartolomeo and M. Messori - Luiss, Sapienza University of Rome, Luiss

In this paper the authors examine global financial instability and its impact on the sovereign debts of peripheral countries in a stylized model of the European Economic and Monetary Union (EMU), where centralized and national policy authorities strategically interact. The authors show that active monetary policies might operate as indirect risk-sharing mechanisms that improve EMU stability and the welfare of (a part of the) member states. The European Central Bank (ECB) partially internalizes the fact that the monetary union's stability is a public good by reallocating a part of the cost of stabilizing the EMU from the periphery to the core countries. In this respect, unconventional monetary policies such as 'quantitative easing' are more effective than traditional monetary policies centered on ex-post interest rate adjustments. The rationale of authors' findings is that unconventional monetary policies decrease the cost of fiscal interventions in the peripheral countries and incentivize the consolidation of their public

balance sheets; these same unconventional policies produce positive externalities but also come at a cost for central countries.

TAGS: [Debt crisis](#); [Debt and fiscal/monetary policies](#)

International and Macprudential Regulation

Embedded supervision: how to build regulation into blockchain finance (2019)

Raphael Auer – BIS

The spread of distributed ledger technology (DLT) in finance could help to improve the efficiency and quality of supervision. This paper makes the case for embedded supervision, i.e. a regulatory framework that provides for compliance in tokenised markets to be automatically monitored by reading the market's ledger, thus reducing the need for firms to actively collect, verify and deliver data. After sketching out a design for such schemes, the paper explores the conditions under which distributed ledger data might be used to monitor compliance. To this end, a decentralised market is modelled that replaces today's intermediary-based verification of legal data with blockchain-enabled data credibility based on economic consensus. The key results set out the conditions under which the market's economic consensus would be strong enough to guarantee that transactions are economically final, so that supervisors can trust the distributed ledger's data. The paper concludes with a discussion of the legislative and operational requirements that would promote low-cost supervision and a level playing field for small and large firms. **TAGS:**

[International and Macprudential Regulations](#)

The flexibility game is not worth the new ESM (2019)

Marcello Messori - LUISS

The reform of the Treaty establishing the European Stability Mechanism (ESM) broadens the functions of this mechanism so as to transform its current role of financial manager of sovereign debt crises into an institution for the prevention, control and management of such crises. There is thus the risk that the ESM will also have the power to decide whether a euro area Member State that is forced to apply for a European aid program should restructure its government debt in advance. In this eventuality, euro area countries with a high public debt - such as Italy - would be exposed to heavy and distortionary instability. It is therefore appropriate to prevent the ESM from assuming this restructuring power or, at least, to minimize the risk of Italy having to resort to a European aid program. The repeated use of flexibility in the management of public balance sheets is not going in that desired direction and must therefore be replaced by other strategies. **TAGS:** [Debt crisis](#); [Debt Restructuring](#); [International and Macprudential Regulations](#)

Debt Restructuring

Sovereign Debt Restructuring and Debt Mutualisation in the Euro Area: an assessment (2019)

Stefano Rossi – Bocconi University

Existing proposals for reform in the euro area, including the introduction of an orderly sovereign debt restructuring mechanism and of forms of debt mutualisation, rely on similar implicit or explicit assumptions: The “diabolic loop” between sovereign debt and domestic banks is to be mitigated or avoided; market discipline has to be maintained; and moral hazard has to be avoided. This paper discusses the stated goals of existing proposals, together with their likely anticipated and unanticipated effects and trade-offs. It recognizes that several of these underlying assumptions and frameworks are

at odds with the extant empirical evidence. It concludes by setting forth a three-pronged proposal for reform in the Euro Area. First, it is desirable to have a more explicit seniority structure in sovereign debt, which should be achieved by introducing a junior class of risky sovereign bonds linked to nominal GDP growth. Second, governments with high legacy debt and/or high deficits should be required to access new financing by issuing such junior bonds. Third, the extent of fiscal stabilization and banking union in the Euro area should be increased. TAGS: [Sovereign immunity](#); [Debt Restructuring](#); [Sovereign debt exposure](#)

Accounting, Statistics, Reporting and Auditing

The BoC-BoE Sovereign Default Database: what's new in 2019? (2019)

David Beers, Patrisha de Leon-Manlagnit - Bank of Canada

Until recently, few efforts have been made to systematically measure and aggregate the nominal value of the different types of sovereign government debt in default. To help fill this gap, the Bank of Canada (BoC) developed a comprehensive database of sovereign defaults that is posted on its website and updated in partnership with the Bank of England (BoE). Authors' database draws on previously published datasets compiled by various public and private sector sources. It combines elements of these, together with new information, to develop comprehensive estimates of stocks of government obligations in default. These include bonds and other marketable securities, bank loans and official loans, valued in US dollars, for the years 1960 to 2018 on both a country-by-country and a global basis. This update of the BoC-BoE database, and future updates, will be useful to researchers analyzing the economic and financial effects of individual sovereign

defaults and, importantly, the impact on global financial stability of episodes involving multiple sovereign defaults. TAGS: [Sovereign defaults](#); [Debt Statistics](#)

Macroeconomic Analysis

Sovereign Risk in Macroprudential Solvency Stress Testing (2019)

Andreas A. Jobst, Hiroko Oura - International Monetary Fund

This paper explains the treatment of sovereign risk in macroprudential solvency stress testing, based on the experiences in the Financial Sector Assessment Program (FSAP). The authors discuss four essential steps in assessing the system-wide impact of sovereign risk: scope, loss estimation, shock calibration, and capital impact calculation. Most importantly, a market-consistent valuation approach lies at the heart of assessing the resilience of the financial sector in a tail risk scenario with sovereign distress. The authors present a flexible, closed-form approach to calibrating haircuts based on changes in expected sovereign defaults affecting bank solvency during adverse macroeconomic conditions. This paper demonstrates the effectiveness of using extreme value theory (EVT) in this context, with empirical examples from past FSAPs.

TAGS: [Cost and Risk](#); [Financial stability](#); [Sovereign debt exposure](#)

Inflation and Public Debt Reversals in Advanced Economies (2019)

Ichiro Fukunaga, Takuji Komatsuzaki, Hideaki Matsuoka - International Monetary Fund, World Bank

This paper quantitatively assesses the effects of inflation shocks on the public debt-to-GDP ratio in 19 advanced economies using simulation and estimation approaches. The simulations based on the debt dynamics equation and estimations of impulse

responses by local projections both suggest that a 1 percentage point shock to inflation rate reduces the debt-to-GDP ratio by about 0.5 to 1 percentage points. The results also suggest that the impact is larger and more persistent when the debt maturity is longer, but the difference from the benchmark case is not significant. These results imply that modestly higher inflation, even if accompanied by some financial repression, could reduce public debt burden only marginally in many advanced economies.

TAGS: [Debt sustainability](#); [Debt composition](#)

[Uganda's Experience with Debt and Economic Growth 'An Empirical Analysis of the Effects of Public Debt on Economic Growth - 1980-2016' \(2019\)](#)

Richard Ssempala, Kurayish Ssebulime, Enock Nyorekwa - Makerere School of Public Health, National Planning Authority, University of South Africa

The results have revealed that public debt has a significant negative impact on economic growth in short-run whereas in long-run debt has a mixed impact on Uganda's economy. Total debt service has a negative impact whereas Gross debt as a share of GDP has a positive impact on the economy. The findings reveal that Public debt has a negative effect on Uganda's economic growth in the short run. The impact is however found to be positive in the long run. This result is in line with the study expectations and some findings by earlier researchers who found a negative impact of public debt on GDP and investment. The results suggest that the current trend of Uganda's borrowing is to continue constraining the resources in the short run. **TAGS:** [Debt relief](#); [Debt and growth](#); [Debt and recession](#)

[Sovereign Debt Crises and Low Interest Rates \(2019\)](#)

Gaetano Bloise, Yiannis Vailakis - Yeshiva University, University of Glasgow

The authors study the traditional Eaton and Gersovitz (1981)'s model of sovereign debt default under time-varying interest rates and growth. The authors show that, when long-term interest rates exceed growth, equilibrium is unique and liquidity crises do not occur. High interest rates impose discipline on market sentiments, as creditors necessarily become more optimistic about solvency when the sovereign reduces debt exposure. Creditors' beliefs respond instead ambiguously under low interest rates. As long as interest rates exceed growth, debt reduction alleviates the fiscal burden. However, the sovereign also benefits from the prospect of rolling over outstanding debt while interest rates remain below growth. Thus, creditors' sentiments might adjust adversely to fiscal consolidation. This mechanism sustains belief-driven debt crises even when fundamentals would otherwise ensure solvency. **TAGS:** [Debt crisis](#); [Sovereign defaults](#)

[Predicting recessions: financial cycle versus term spread \(2019\)](#)

Claudio Borio, Mathias Drehmann, Dora Xia – BIS

Financial cycles can be important drivers of real activity, but there is scant evidence about how well they signal recession risks. The authors run a horse race between the term spread - the most widely used indicator in the literature - and a range of financial cycle measures. Unlike most papers, this assesses forecasting performance not just for the United States but also for a panel of advanced and emerging market economies. The authors find that financial cycle measures have significant forecasting power both in and out of sample, even for a three-year horizon. Moreover, they outperform the term spread in nearly all specifications. These

results are robust to different recession specifications. TAGS: [Economic Forecasts](#)

[The Debt Dynamic of selected Euro Area countries and sustainable paths for fiscal consolidation \(2019\)](#)

Piero Esposito, Antonio Paradiso, B. Bhaskara Rao - Sant'Anna School of Advanced Studies, and CER, University of Rome La Sapienza, University of Western Sydney, Australia

This paper analyses possible patterns for the debt-to-GDP ratio in France, Italy and Spain with a small macroeconomic model. The role of international macroeconomic variables (such as the US GDP growth rates, prices of raw materials, ECB monetary policy stance) and domestic policy instruments is analyzed in the debt dynamics. The authors find that external conditions, together with policies aimed to stimulate the growth and fulfilling Maastricht restrictions on deficit, play a fundamental role for fiscal consolidation in these countries and help to reach a debt level in line with pre-crisis values. TAGS: [Debt and fiscal/monetary policies](#); [Debt and growth](#); [Debt sustainability](#); [Financial stability](#)

[Economic Policies](#)

[The Sovereign-Bank Nexus in the Euro Area: Financial and Real Channels \(2019\)](#)

Mario Bellia, Ludovic Calès, Lorenzo Frattarolo, Andreea Maerean, Daniel P. Monteiro, Marco Petracco Guidici, Lukas Vogel - European Commission

The sovereign-bank nexus played a key role in the 2009-12 European debt crisis by enabling pernicious dynamics whereby governments and domestic banking sectors mutually enfeebled each other. This paper reviews the direct (financial) channels and the indirect (real) channels through which banks and sovereigns interact, and that can give rise to feedback loops between the two sectors. While significant progress has been achieved

in mitigating the direct channel of the loop in recent years, the indirect mechanisms of the loop stayed largely intact. Policy options for improving the financial stability of both banks and sovereigns across the euro area have been discussed, including measures to increase the diversification of banks' sovereign debt holdings. Focusing on diversification as a standalone measure, a review of the literature and model-based simulations suggest an ambiguous impact on systemic risk. However, in those cases where diversification can either reduce total risks or keep them unchanged, it can also deliver an important shock absorption effect in crisis periods. In such cases, simulations show that higher cross-border integration of banking sectors would dilute the impact of asymmetric shocks across the regions of a monetary union, thus increasing the overall welfare of risk averse households. TAGS: [Institutional Investors](#); [Sovereign debt exposure](#); [Financial stability](#)

[Sovereign Default and Imperfect Tax Enforcement \(2019\)](#)

Francesco Pappadà, Yanos Zylberberg - Banque de France, University of Bristol

The authors show that, in many countries, tax compliance is volatile and markedly responds to fiscal policy. To explore the consequence of this novel stylized fact, they build a model of sovereign debt with limited commitment and imperfect tax enforcement. Fiscal policy persistently affects the size of the informal economy, which impact future fiscal revenues and thus default risk. This mechanism captures one key empirical regularity of economies with imperfect tax enforcement: the low sensitivity of debt price to fiscal consolidations. The interaction of imperfect tax enforcement and limited commitment strongly constrains the dynamics of optimal fiscal policy. During default crises, high tax distortions force the government towards extreme fiscal policies,

notably including costly austerity spells. TAGS: [Sovereign defaults](#); [Debt and fiscal/monetary policies](#)

[Is the ECB at risk of becoming an underachiever? \(2020\)](#)

Lorenzo Bini Smaghi – LUISS

This note presents evidence suggesting that the hypothesis according to which the ECB might not have done whatever was needed to achieve its price stability objective cannot be easily rejected and needs to be considered carefully. The evidence is based on a relatively simple set of indicators. The intention is to stimulate a more thorough analysis of the policies that have been implemented in recent years. Counterfactual policy analysis is obviously very complex. However, it is interesting to note that while several authors – including those within the ECB - have concentrated their efforts on assessing what would have happened to growth and inflation had monetary policy been less expansionary, there is yet little work on the opposite scenario, i.e. of what would have happened if monetary policy had been more expansionary in a more timely way. TAGS: [Debt and fiscal/monetary policies](#)

[The fiscal stimulus that is not: why there is no fiscal expansion in sight for the Eurozone \(2019\)](#)

Lorenzo Codogno – LUISS

As in Peter Pan’s fictional island of Neverland, people in Euroland refuse to grow up and face reality. The “never-never” refers to the idea of a countercyclical fiscal stimulus, which still faces massive opposition in European capitals. To put things straight, in normal times fiscal policy should focus on enhancing potential growth rather than trying to micromanage the economic cycle. However, today’s times are anything but normal. Interest rates up to long-term maturities are

in negative territory, and the ECB has restarted quantitative easing. TAGS: [Debt and fiscal/monetary policies](#)

[Growth in Europe - Notes for a policy agenda \(2019\)](#)

Pier Carlo Padoan – LUISS

This paper discusses topics related to the growth mechanism in Europe, and specifically in the eurozone. It looks at the interaction of macroeconomic and structural aspects identifying issues where more analysis is needed in order to draw policy implications. It also looks at how developments in the governance of the global system are affecting growth. Finally, it looks at how political economy obstacles to a stronger growth environment and a structural agenda can be overcome by improving incentives to collective action. TAGS: [Debt and growth](#); [Debt and fiscal/monetary policies](#)

[Understanding the size of the Government Spending Multiplier: it’s in the sign \(2019\)](#)

Regis Barnichon, Davide Debortoli, Christian Matthes - Federal Reserve Bank of San Francisco, Universitat Pompeu Fabra Federal Reserve Bank of Richmond

The literature on the government spending multiplier has implicitly assumed that an increase in government spending has the same (mirror-image) effect as a decrease in government spending. The authors show that relaxing this assumption is important to understand the effects of fiscal policy. Regardless of whether they identify government spending shocks from (i) a narrative approach, or (ii) a timing restriction, the authors find that the contractionary multiplier –the multiplier associated with a negative shock to government spending– is above 1 and even larger in times of economic slack. In contrast, the expansionary multiplier –the multiplier associated with a positive shock– is substantially below 1 regardless of

the state of the cycle. These results help understand seemingly conflicting results in the literature. TAGS: [Debt and fiscal/monetary policies](#); [Debt sustainability](#)

[Effects of QE on sovereign bond spreads through the safe asset channel \(2019\)](#)

Jan Willem van den End - De Nederlandsche Bank

The authors show that through the safe asset channel the excess liquidity created by QE can lead to higher sovereign bond spreads in the euro area. This unintended effect is most likely in stressed markets when excess liquidity spurs demand for tradeable safe assets, pushing down the interest rate of these assets, which widens risk spreads. Outcomes of a panel regression model estimated for individual euro area countries confirm that the excess liquidity created by QE had an upward effect on sovereign bond spreads. It indicates that the safe asset channel dominates the usual portfolio rebalancing channel. For monetary policy the results imply that QE is not an appropriate instrument to address country specific shocks. TAGS: [Debt and fiscal/monetary policies](#); [Sovereign bonds yields](#)

Multilateral Financing

[Conditionality and design of IMF-supported programmes \(2019\)](#)

Task Force on IMF and Global Financial - International Monetary Fund

Conditionality is at the very heart of IMF lending and has been the subject of intense debates ever since the Fund's inception. Its success is of crucial importance not only for countries' chances of achieving the goals of IMF lending programmes, but also for the credibility of the Fund as a trusted adviser. This report provides information and a set of facts on the IMF arrangements approved after the global financial crisis, with a focus

on ex post conditionality and on arrangements primarily financed through the General Resources Account (GRA). The analysis shows that between 2008 and 2018, the characteristics of IMF programmes evolved with the macroeconomic context; in particular, a tendency towards more structural conditionality and longer programme implementation horizons has emerged. In the aftermath of an IMF programme, all relevant macroeconomic variables tend to improve compared with the pre-programme period; in particular, external and fiscal positions improve considerably and growth typically rebounds, inflation declines and net private capital inflows stabilise or recover slightly. However, the improvement has generally fallen short of expectations, especially in terms of GDP growth and debt reduction. One area in which the effectiveness of IMF programmes has proven less than satisfactory is with serial borrowers, i.e. countries that fail to graduate from IMF financial assistance in due course. This highlights the importance of further analysing the factors behind the success of IMF programmes and points, inter alia, to the need to design and sequence the structural conditions attached to Fund loans more effectively. TAGS: [Multilateral financing](#); [Structural policies](#)

[IMF programs and stigma in Emerging Market Economies \(2019\)](#)

Claudia Maurini - Bank of Italy

This paper investigates the existence and estimates the magnitude of a financial market stigma associated with the International Monetary Fund's non-concessional programmes. In particular, it focuses on the impact of IMF non-concessional loans on Emerging Markets' sovereign spreads, using the propensity score matching methodology to deal with the selection bias problem. The authors find evidence of higher spreads for countries

supported by a nonconcessional IMF programme with respect to comparable countries that are not supported by such a programme. This effect may be linked to both a pure financial stigma and the (low) probability of the programme succeeding, as it tends to dissipate towards the end of the programme and to be smaller and less significant if they restrict the sample to non-repeated programmes (more likely to be successful). Finally, they find that precautionary programmes (such as the Flexible Credit Line) have a negative impact on sovereign spreads. TAGS: [Multilateral financing](#); [Sovereign risk premia](#); [Debt sustainability](#)

Reports

2019

[Enhanced Surveillance Report - Greece, November 2019](#)

European Commission

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 implementation 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: [Debt and fiscal/monetary policies](#); [Debt sustainability](#); [Debt and growth](#)

[Post-Programme Surveillance Report - Spain, Autumn 2019](#)

European Commission

This twelfth surveillance report provides an assessment of Spain's economic and financial situation following its exit from the financial assistance programme in January 2014. A team from the European Commission (EC), in liaison with staff from the European Central Bank (ECB), carried out the twelfth post-programme surveillance visit to Spain on 8-9 October 2019 (2). The European Stability Mechanism (ESM) participated in the meetings in the context of its own Early Warning System. The report focuses on macroeconomic and financial sector developments over the past months, complementing the surveillance by the Commission under the macroeconomic imbalances procedure, the Stability and Growth Pact and, more broadly, the European Semester of economic policy coordination. TAGS: [Debt and fiscal/monetary policies](#); [Debt sustainability](#); [Debt and growth](#)

[Post-Programme Surveillance Report - Cyprus, Autumn 2019](#)

European Commission



This report presents the findings of the seventh 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 16 to 20 September 2019. The mission was coordinated with the International Monetary Fund's (IMF) Article IV 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 spring 2020. **TAGS:** [Debt and fiscal/monetary policies](#); [Debt sustainability](#); [Debt and growth](#)

[A practical guide to esg integration in sovereign debt \(2019\)](#)

PRI Principles for Responsible Investments

Despite its size and importance, the sovereign debt market has been the subject of less systematic environmental, social and governance (ESG) consideration than other investment asset classes. However, appetite for ESG integration is growing among investors, with a rising number appreciating that ESG factors can and do affect sovereign debt valuations. This guide is designed to help PRI signatories integrate ESG factors into the research and analysis of sovereign issuers and the construction of sovereign debt portfolios. **TAGS:** [Debt Policy](#); [Transparency](#); [Primary market](#); [Bond market development](#)

[Reference Rate Reform](#)

FASB

On November 13, 2019, the FASB approved an Accounting Standards Update (ASU) to provide temporary, optional guidance to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on financial reporting. The Board is expected to issue a final ASU in early 2020. The final ASU will provide optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedge accounting relationships affected by reference rate reform, facilitating a smoother transition to new reference rates.[...] **TAGS:** [Accounting standards](#)

[Blockchain - A promising technology for debt transparency](#)

Jane Thomason - Consultant for the Commonwealth Fintech Toolkit

A blockchain is a growing list of records, called blocks, linked together by unbreakable cryptography. Among its many applications, this technology is used to underpin financial products and services including digital currencies such as Bitcoin and Litecoin. The revolutionary potential of blockchain technology has been compared to that of the internet in the 90s. Like the internet, Blockchains have the power to drive dramatic institutional efficiency gains, save billions through reduced operational, financial, legal and governance costs, create widespread process redundancy, greatly reduce counterparty and market risk and reshape the architecture of the financial market.[...] **TAGS:** [Transparency](#); [Trading platforms](#); [Sovereign debt market](#)

[The future of Clearing](#)

Oliver Wyman, World Federation of Exchanges

The report looks at the relevant policy and regulatory frameworks that were introduced with a specific focus on the reforms aimed at encouraging greater use of central clearing, and the impacts of these on CCPs, and other market participants. It also considers how the nature of clearing services has evolved against this backdrop. The report concludes with an assessment of the opportunities for the industry, policy recommendations to build the CCP of the future and a recommended framework

for the market structure that supports that CCP of the future. TAGS: [International and Macprudential Regulations](#); [Secondary Markets](#)

[The modernization of Municipal Bond Trading](#)

Greenwich Associates

The municipal bond market is viewed by many as frozen in time. Bond issues are generally small and numerous, and local relationships around the country play a big part in finding investors for many of those bonds. Innovation has been focused primarily on corporate bond and U.S. Treasury trading, with the growth in electronic trading and data availability increasing the competition among the platforms often making news. It's time for the quiet but impressive evolution of municipal bond trading to enter the spotlight. TAGS: [Trading platforms](#); [Secondary Markets](#); [Subnational debt](#)

[Year in Review: 2019 in 14 Charts](#)

World Bank

As this decade comes to an end, the world has seen progress on many fronts. The poorest countries have greater access to water, electricity, and sanitation (i.e., a toilet). Poverty and child mortality have fallen. Technology has spread far and wide so that there are now more mobile phones than people. But we've also broken some of the wrong kinds of records. In 2019, more people were forcibly displaced than any other time in history. Carbon dioxide in the atmosphere hit an all-time high and biodiversity is declining at an accelerating rate. These charts highlight some remarkable achievements and the serious challenges that remain as we head into 2020. [...] TAGS: [Economic Forecasts](#); [Structural policies](#); [World Bank](#)

[Pension Markets in Focus 2019](#)

OECD

Pension assets have grown over the last decade, reaching USD 44.1 trillion worldwide at end-2018, despite declining relative to end-2017. This long-term trend can be attributed to positive real net returns over the long term and to increased contributions paid as more people are being covered by a pension plan in a number of countries, especially in those with recent mandatory or auto-enrolment programmes. TAGS: [Structural policies](#); [Debt sustainability](#); [OECD](#)

[Pensions at a Glance 2019 - OECD and G20 Indicators](#)

OECD

The 2019 edition of Pensions at a Glance highlights the pension reforms undertaken by OECD countries over the last two years. Moreover, two special chapters focus on non-standard work and pensions in OECD countries, take stock of different approaches to organising pensions for non-standard workers in the OECD, discuss why non-standard work raises pension issues and suggest how pension settings could be improved. [...] TAGS: [Structural policies](#); [Debt sustainability](#); [OECD](#)

[OECD Economic Outlook, November 2019 - Rethink policy for a changing world!](#)

OECD

The global outlook is unstable. World GDP growth fell to 2.9% this year – its lowest rate since the financial crisis – and is expected to remain stuck at 3% over the next two years. Governments must cooperate and invest to prevent prolonged stagnation. We need urgent co-ordinated political action to restore confidence, boost inclusive growth and raise living standards. [...] TAGS: [Economic Forecasts](#); [Debt and fiscal/monetary policies](#); [Debt and growth](#); [OECD](#)

[What happens to longer EUR interest rates around QE announcements?](#)

Andreas Steno Larsen – Nordea

The bulk of the drop in longer EUR interest rates has occurred outside of purchase programs. We take a deep dive in to the historical statistics on EUR rates around QE announcements. Could the bottom soon be in? TAGS: [Financial Analysis](#); [Sovereign bonds yields](#)

[Basic factor investment for bonds](#)

Ralph Sueppel - Sr-Sv Systemic Risk and Systemic Value

Popular factors for government bond investment are “carry”, “momentum”, “value” and “defensive”. “Carry” depends on the steepness of the yield curve, which to some extent reflects aversion to risk and volatility. “Momentum” relates to medium-term directional trends, which in the case of fixed income are often propagated by fundamental economic changes. “Value” compares yields against a fundamental anchor, albeit some approaches are as rough as medium-term mean reversion. Finally, “defensive” seeks to benefit from some bonds’ status as a “safe haven” in crisis times. A historic analysis over the past 50 years suggests that all of these factors have been relevant in some form. Yet, without more precise and compelling macroeconomic rationale factor investing may lack stability of performance in the medium term. The scope for theory-guided improvement seems vast. TAGS: [Financial Analysis](#)

[“Lo spread”: The collateral damage of Italy’s confrontation with the EU](#)

Grégory Claeys, Jan Mazza – Bruegel

The authors assess whether the European Commission's actions towards Italy since September 2018 have had a visible impact on the spread between Italian sovereign-bond yields and those of Germany, and particularly whether the Commission’s warnings have acted as a ‘signalling device’ for bond-market participants that it might be difficult for Italy to obtain the support of the ESM or the ECB’s OMT programme if needed. TAGS: [Financial Analysis](#); [Sovereign bonds yields](#); [Sovereign risk premia](#)

[A Budget for a better America - 2020](#)

U.S. government

Budget of the United States Government, Fiscal Year 2020 contains the Budget Message of the President, information on the President’s priorities, and summary tables. Analytical Perspectives, Budget of the United States Government, Fiscal Year 2020 contains analyses that are designed to highlight specified subject areas or provide other significant presentations of budget data that place the budget in perspective. This volume includes economic and accounting analyses; information on Federal receipts and collections; analyses of Federal spending; information on Federal borrowing and debt; baseline or current services estimates; and other technical presentations. TAGS: [Economic Forecasts](#); [Debt and fiscal/monetary policies](#)

[Dysfunctional Sovereign Debt Politics in Lebanon, Italy, and \[Your Country Here\]](#)

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

Debt, like the full moon, is known to make politicians act strangely. There have been some good examples over the last few weeks, most recently in Lebanon and Italy. TAGS: [Debt sustainability](#); [Debt Policy](#)

[First Sovereign Debt Default in the 4th Century BC](#)

Martin Armstrong - Armstrong Economics

The first such default that is definitively recorded took place at least in the 4th century BC when ten out of thirteen Greek municipalities in the Attic Maritime Association defaulted on loans from the Delos Temple of Apollo. [...] TAGS: [Sovereign defaults](#)

[Trade and development report 2019](#)

UNCTAD

If we want to reverse the polarization of income within and across countries, create a stable financial system that serves the productive economy, mitigate the threats and seize the opportunities associated with new technologies, and undertake massive investments in clean energy, transportation and food systems, we need a Global Green New Deal. TAGS: [Economic Forecasts](#); [Bond market development](#); [Primary market](#); [Debt sustainability](#)

[Financial Stability Report No. 2 – 2019](#)

Bank of Italy

The deteriorating global economic outlook and the geopolitical tensions have heightened the uncertainty and the risks to financial stability. The sharp decline in interest rates worldwide is improving debt sustainability and helping to contain the rise of macroeconomic risks, although this may spur investors to seek out higher returns on risky assets and encourage the accumulation of excessive levels of debt. Protracted low interest rates may squeeze the profitability of banks and insurance companies.[...] TAGS: [Debt Statistics](#); [Financial stability](#);

[Public Finance Statistics in the European Union - 2018](#)

Bank of Italy

This twice-yearly publication contains annual statistics on general government net borrowing, debt and main non-financial account items of the EU countries and remaining G7 countries (United States, Japan and Canada). This publication is part of the Statistics series. Time series data are available in the Statistical Database section of the website. TAGS: [Debt Statistics](#); [Accounting, statistics, Reporting and Auditing](#)

[Argentina: a growing opportunity set for distressed Debt](#)

Man Institute

The volatile situation in Argentina lends a hand to a growing and attractive opportunity set for distressed debt, in authors' view. TAGS: [Financial Analysis](#); [Sovereign bonds yields](#); [Sovereign risk premia](#)

[Why are Long-term Bond Yields so low?](#)

Reserve Bank of Australia

Long-term bond yields in major advanced economies have fallen noticeably over the past six months. In many cases, yields are close to, or have reached, historic lows, and in some cases are negative (Graph B1). The most recent declines have been largely driven by cyclical factors: global growth has eased, many central banks have revised down their growth and inflation forecasts, and market participants have lowered their expectations for central bank policy rates. TAGS: [Financial Analysis](#); [Sovereign bonds yields](#)

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.

17 December 2019; World Bank Treasury, online

[Webinar: Syndications for issuing local bonds tradable at international clearing securities: the pros and cons for attracting foreign investors](#)

20 – 21 January 2020; the International Research Conference, London, United Kingdom

[ICASBC 2020: 14. International Conference on Accounting Standards and Banking Crises](#)

20 – 21 January 2020; the International Research Conference, London, United Kingdom

[International Conference on Complete Markets and Market Structure](#)

20 – 21 January 2020; the International Research Conference, Amsterdam, Netherlands

[International Conference on Finance and Banking](#)

21 – 24 January 2020; World Economic Forum, Davos-Klosters, Switzerland

[World Economic Forum Annual Meeting](#)

30 – 31 January 2020; online training

[Monetary Policy Implementation in the Eurosystem](#)

31 January 2020; The International Research Conference, Sydney, Australia

[International Conference on Asset Pricing and Credit Market](#)

1 February 2020; Asia Pacific Conference on Finance and Economics Australia, Brisbane Airport, Australia

[Asia Pacific Conference on Finance and Economics](#)

1 February 2020; International Society for Scientific Research and Development, Bilaspur, India

[International Conference on Research in Finance & Economics](#)

2 – 6 February 2020; online training

[Debt Management, Debt Reporting, and Investor Relations \(DMIR\)](#)

4 February 2020; ICMA, London

[ICMA Workshop: Bond syndication practices for compliance and middle office professionals](#)

5 – 7 February 2020; Washington D.C.

[2020 Endowment and Debt Management Forum](#)

9 – 20 February 2020; online training

[Public Sector Debt Statistics](#)

12 February 2020; Canadian Institute for Knowledge Development, Istanbul, Turkey

[International Conference on New Directions in Business, Management, Finance and Economics](#)

24 February – 5 March 2020; International Monetary Fund, Dalian, China
[IMF Workshop on Debt Sustainability and Debt Management for Low-Income Countries](#)

28 February 2020; Global interdependence center, Philadelphia
[Sovereign Debt Restructurings: Prospects and Challenges in Argentina](#)

28 February 2020; ECONBIZ, Brussels
[Workshop "Rethinking the European Fiscal Framework"](#)

2 March 2020; London, UK
[Analyzing Sovereign and Country Risk](#)

3 March 2020; gfcmediagroup, Ritz Carlton, Moscow
[Bonds, Loans & Derivatives Russia & CIS](#)

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

19 – 20 March 2020; Bank of Italy and Bocconi University, Rome
[2nd Biennial Bank of Italy and Bocconi University conference on 'Financial stability and Regulation'](#)

19 – 20 March 2020; OECD Headquarters, Paris
[27th OECD Global Forum on Public Debt Management](#)

23 – 24 March 2020; Westminster, London
[Bond Conference & Awards 2020](#)

27 March 2020; Federal Reserve Bank of San Francisco, California, USA
[2020 Annual Conference on Macroeconomics and Monetary Policy](#)

27 March 2020; ECONBIZ, Bordeaux, France
[1st Workshop "Emerging Market Macroeconomics" - EMME 2020](#)

29 March – 1 April 2020; CEPR, Lenzerheide, Switzerland
[13th Swiss Winter Conference on Financial Intermediation](#)

30 – 31 March 2020; Bank of England, London
[7th International Conference on Sovereign Bond Markets](#)

20 – 22 April 2020; EUI, EUI Premises, Florence
[Sovereign Debt Restructuring](#)

22 April 2020; The Bank of England, the Banque de France, the IMF and the OECD, OECD headquarters in Paris
[Call for Papers: 1st Joint Bank of England - Banque de France - IMF - OECD Workshop on International Capital Flows and Financial Policies](#)

27 – 28 April 2020; BIS, BoE, ECB and IMF, ECB, Frankfurt
[Call for Papers: Spillovers in a "low-for-long" world](#)

5 – 7 May 2020; London
[Green Transition - Opportunity of the Decade](#)

15 – 17 June 2020; EUROMONEY, London UK
[Debt Capital Markets](#)

16 – 17 June 2020; cmd, London, United Kingdom
[The Global Borrowers & Bond Investors Forum 2020](#)

24 – 26 June 2020; ICMA, Wien Austria

[ICMA Annual General Meeting and Conference 2020](#)

29 June – 24 July 2020; UNITAR, Web Based

[Fundamentals of Capital Market Development and Regulation \(for AGFUND MFIs, 2020\)](#)

17 – 18 July 2020; Conference Series LLC Ltd Web Metrics, Vienna, Austria
[7th International Conference on Big Data Analysis and Data Mining](#)

20 – 31 July 2020; International Monetary Fund, Vienna, Austria
[Fiscal Sustainability \(FS\)](#)

27 July – 21 August 2020; UNITAR, Web Based

[Negotiation of Financial Transactions \(AGFUND eCourse 2020\)](#)

24 – 25 September 2020; Bank of England and the CEPR, Switzerland

[Call for papers: workshop on "financial innovation: implications for competition, regulation, and monetary policy"](#)

18 – 22 October 2020; International Monetary Fund, Kuwait City
[Strengthening Budget Institutions \(SBI\)](#)

9 – 11 November 2020; Euromoney, London, UK
[Debt Capital Markets](#)

PDM Network in Figures

At **28th January 2019**, total documents and reports available on the PDM Network website were **7,628**. Events and News uploaded on the website since **January 2018** were respectively **406** and **4,876**. This newsletter is sent to **877** Subscribers from emerging and advanced countries.

Special Thanks

The PDM Secretariat is grateful to **Tanweer Akram (Thrivent Financial)** and to **Brazilian, Cypriot and Japanese MoFs/DMOs** for information on new documents and reports.

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Asian Development Bank, African Development Bank, African Forum and Network on Debt and Development, Association of International Wealth Management of India, Association of Finance Officers (AFO), Aix-Marseille School of Economics, AKK Government Debt Management Agency, Albanian MoF, Angolan Mof, Argentine MoF, Argentinian Ministry of Economy of the Province of Buenos Aires, Asian Development Bank, Association for Financial Markets in Europe, Athens University of Economics & Business, Austrian Central Bank, Austrian DMA, Autonomous Sinking Fund of Cameroon, Azerbaijan Ministry



of Finance, Bangladeshi Ministry of Finance, Bank For International Settlements, Bank of Italy, Bank Of Korea, Bank Of Zambia, Barclays Capital, BE Berlin Economics GmbH, Belgian Central Bank, Belgian DMA, Belgrade Banking Academy, Bosnia and Herzegovina - Federal Ministry of Finance, Brazilian Court of Audit, Brazilian MoF, Bukar Abba Ibrahim University, Bulgarian MoF, Burkina Faso MoF, Ca' Foscari University, Cameroonian Ministry of Finance, Canadian Government, Capitad, Cardiff Business School, Cass Business School, Cbonds Group, Center for Natural Resource Studies, Central Bank of Guinea, Central Bank of Kenya, Central Bank of Nepal, Central Bank of Sudan, Centre Virtuel de la Connaissance sur l'Europe, Cfc Stanbic Kenya Bank, CNRS, Centre national de la recherche scientifique, Colombian MHCP, Columbia Business School, Commonwealth Secretariat, Community Investors Development Agency, Congolese Ministry of Finance, Budget and Public Portfolio, Crown Agents, Cypriot Central Bank, Cypriot MoF, Czech Central Bank, Czech MoF, Danish Central Bank, Danish Mof, Debt Relief International, Deloitte, Dubai International Financial Centre, Dominican MOF, Dubai Government, Dubai MoF, Dutch Central Bank, Dutch DMA, Dutch Mof, Eastern Caribbean Central Bank, Econviews, Egyptian Mof, Embassy Of Turkey, Office Of Economic Affairs, Esthonian MoF, Ethiopian Mof, Euromoney, EBRD, European Central Bank, European Commission, Exchange Data International Limited, Ernst & Young, Federal Department of Foreign Affairs, Federal Reserve Bank of Chicago, Fiji Mof, Finnish MoF, Fiscal Council of Romania, French Central Bank, French DMA, French MoF, FTI, GEFIN - State Finance Managers Group, Georgian Mof, German Central Bank, German Finance Agency, German Institute for Economic Research, German Jubilee Campaign, Ghanaian Central Bank, Ghanaian Mof, Global Action for Africa's Development, Governance Commission For Government-Owned & Controlled Corporations, Government of Antigua and Barbuda, Government of Saint Lucia, Government of Sindh, Graduate School of International Development (Nagoya University), Greek Central Bank, Greek DMA, Greek MoF, Grenada Ministry of Finance, Guyana Ministry of Finance, Harvard University, Hong Kong Monetary Authority, HSBC, Hungarian DMA, Hungarian National Bank, Inter-American Development Bank, Icelandic Central Bank, Icelandic DMA, International Finance Corporation, Illinois Institute of Technology, IMF-International Monetary Fund, Indian NIPF, Indian Reserve Bank, Indonesian Central Bank, Indonesian MoF, Innovative Development Strategies Pvt. 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, JCVF 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 Suriname, 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 Ilc, 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.



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