

IMF – Singapore Regional Training Institute (STI)

Course on Macro-Financial Surveillance (ST15.08)

March 23 – April 3, 2015

READING LIST

Session	Topic
L-1	<p>Macro-Financial Linkages and Surveillance</p> <p>Woodford, Michael, 2010, “Financial Intermediation and Macroeconomic Analysis,” <i>Journal of Economic Perspectives</i>, Vol. 24, No. 4, (Fall), pp. 21–44. http://www.aeaweb.org/articles.php?doi=10.1257/jep.24.4.21</p> <p>Tae Soo Kang and Guonan Ma, 2007, “Recent Episodes of Credit Card Distress in Asia,” <i>BIS Quarterly Review</i> (June). http://www.bis.org/publ/qtrpdf/r_qt0706g.pdf</p> <p>Quadrini, V., 2011, “Financial Frictions in Macroeconomic Fluctuations,” <i>Federal Reserve Bank of Richmond, Economic Quarterly</i>, Vol. 97, No. 3, pp. 209–254. https://www.richmondfed.org/publications/research/economic_quarterly/2011/q3/quadrini.cfm</p> <p><i>Supplementary:</i></p> <p>Mendoza, Enrique, 2008, “Sudden Stops, Financial Crisis and Leverage: A Fisherian Deflation of Tobin’s Q,” NBER Working Paper No. 14444 (The National Bureau of Economic Research). http://www.nber.org/papers/w14444</p> <p>Gertler, Mark, Simon Gilchrist, Fabio Natalucci, 2001, “External Constraints on Monetary Policy and the Financial Accelerator,” (February), PennState University. http://www.nber.org/papers/w10128</p>
L-2	<p>Modeling and Interpreting Financial Market Data</p> <p>Burton, G. Malkiel, 2003, “The Efficient Market Hypothesis and Its Critics,” <i>The Journal of Economic Perspectives</i>, Vol. 17, No. 1 (Winter, 2003), pp. 59–82. http://www.jstor.org/stable/3216840</p> <p><i>Supplementary:</i></p> <p>Engle, Robert, 2001 “Garch 101: The Use of Arch/Garch Models in Applied Econometrics” <i>The Journal of Economic Perspectives</i>, Vol. 15, No. 4 (Autumn), pp. 157–168. http://www.jstor.org/stable/2696523</p>
L-3	<p>Extracting Information from the Term Structure of Interest Rates</p> <p>Campbell, John Y. 1995, “Some Lessons from the Yield Curve”, <i>The Journal of Economic Perspectives</i>,” Volume 9, No. 3 (Summer), pp. 129–152. http://www.jstor.org/stable/2138430</p>

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	<p>Diebold, Francis X., and Canlin Li, 2006, "Forecasting the Term Structure of Government Bond Yields," <i>Journal of Econometrics</i>, Vol. 130, pp. 337–364. http://www.ssc.upenn.edu/~fdiebold/papers/paper49/Diebold-Li.pdf</p> <p><i>Supplementary:</i> Estrella, Arturo, 2005, "The Yield Curve as a Leading Indicator: Frequently Asked Questions," Federal Reserve Bank of New York (October), pp. 1–23. http://www.ny.frb.org/research/capital_markets/ycfaq.pdf</p> <p>Rudebusch, Glenn D., Brian P. Sack, and Eric T. Swanson, 2007, "Macroeconomic Implications of Changes in the Term Premium," Federal Reserve Bank of St. Louis Review, Vol. 89, No. 4, pp. 241–269. http://research.stlouisfed.org/publications/review/07/07/Rudebusch.pdf</p>
W-2	<p>Extracting Information from the Term Structure of Interest Rates</p> <p>Diebold, Francis X., and Canlin Li, "Forecasting the Term Structure of Government Bond Yields," <i>Journal of Econometrics</i>, Vol. 130, pp. 337–364. http://www.nber.org/papers/w10048</p>
L-4	<p>Extracting Information from Credit Spreads</p> <p>Amato, Jeffrey, and Eli Remolona, 2003, "The Credit Spread Puzzle," in Quarterly Review, December (Bank for International Settlements). http://www.bis.org/publ/qtrpdf/r_qt0312e.pdf</p> <p><i>Supplementary:</i> Hull, John, and Alan White, 2000, "Valuing Credit Default Swaps I: No Counterparty Default Risk," <i>Journal of Derivatives</i>, Vol. 8, No. 1, pp. 29–40. http://scholar.google.com/scholar?cluster=6377621650464317909&hl=en&as_sdt=0,5</p> <p>Hull, John, Mirela Predescu, and Alan White, 2005, "Bond Prices, Default Probabilities and Risk Premiums," <i>Journal of Credit Risk</i>, Vol. 1, No. 2, pp. 53–60. http://scholar.google.com/scholar?cluster=3704240074910149879&hl=en&as_sdt=0,5</p>
W-3	<p>Extracting Information from Credit Spreads</p> <p>Borri, Nicola, and Adrien Verdelhan, 2009, "Sovereign Risk Premia," Working Paper (unpublished). http://scholar.google.com/scholar?cluster=3190175736234104793&hl=en&as_sdt=0,5</p> <p>O'Kane, D. and S. Turnbull, 2003, "Valuation of Credit Default Swaps." Lehman Brothers, <i>Fixed Income Quantitative Credit Research</i>. http://scholar.google.com/scholar?cluster=14907340265134746252&hl=en&as_sdt=0,9</p>
L-5	<p>Extracting Information from Equity Prices</p> <p>Cochrane, John H., 2008, "Financial Markets and the Real Economy," in <i>Handbook of the Equity Risk Premium</i>, ed. by Rajnish Mehra (Oxford: Elsevier B.V.). Sections 1 and 2, pp. 237–257. http://faculty.chicagobooth.edu/john.cochrane/research/papers/financial_and_real_proofs_aug_07.pdf</p> <p>Stock, James H. and Mark W. Watson, 2003, Forecasting Output and Inflation: The Role of Asset Prices, <i>Journal of Economic Literature</i> Vol. XLI, pp. 788–829. http://scholar.google.com/scholar?cluster=7930029160117145287&hl=en&as_sdt=0,9</p>

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	<p><i>Supplementary:</i> Bordo, M. D., and D. C. Wheelock, 2004, "Monetary Policy and Asset Prices: A Look Back at Past U.S. Stock Market Booms," <i>Federal Reserve Bank of St. Louis Review</i>, Vol. 86, pp.19–44 (November/December). http://research.stlouisfed.org/publications/review/04/11/BordoWheelock</p> <p>Fama, Eugene F., and Kenneth R. French, 2004, "The Capital Asset Pricing Model: Theory and Evidence," <i>Journal of Economic Perspectives</i>, Vol. 18, No. 3 (Summer), pp. 25–46. http://www.jstor.org/stable/3216805.pdf</p> <p>Hau, Herald and Helene Rey, 2006, "Exchange Rates, Equity Prices, and Capital Flows," <i>The Review of Financial Studies</i>, Vol. 19, No. 1, pp. 273–317. http://rfs.oxfordjournals.org/content/19/1/273.abstract</p>
W-4	<p>Extracting Information from Equity Prices</p> <p>Scherbina, Anna, 2013, <i>Asset Price Bubbles: A Selective Survey</i>, IMF Working Paper No. 13/45. http://www.imf.org/external/pubs/cat/longres.aspx?sk=40327.0</p>
L-6	<p>Risk Management and Models</p> <p>Allen, Linda, 2002, "Credit Risk Modeling of Middle Markets," Baruch College, CUNY. http://fic.wharton.upenn.edu/fic/allenpaper.pdf</p> <p><i>Supplementary:</i> Credit Suisse, 1997, <i>CreditRisk+—A Credit Risk Management Framework</i> (New York: Credit Suisse). http://www.csfb.com/institutional/research/assets/creditrisk.pdf</p> <p>Crouhy, Michael, Dan Galai, and Robert Mark, 2006, "New Approaches to Measuring Credit Risk," Chapter 11 in <i>The Essentials of Risk Management</i> (New York: McGraw-Hill).</p> <p>J. P. Morgan, 1997, <i>CreditMetrics—Technical Document</i> (New York: J. P. Morgan & Co). http://www.msci.com/resources/technical_documentation/CMTD1.pdf</p> <p>Jorion, Philippe, 2001, "Computing Value at Risk," in <i>Value at Risk</i> (New York: McGraw-Hill), 2nd edition, Chapter 5.</p>
L-7	<p>Extracting Information from Options Prices</p> <p>Cox, John C., Stephen A. Ross, and Mark Rubinstein, 1979, "Option Pricing: A Simplified Approach," <i>Journal of Financial Economics</i>, Vol. 7, No. 3, pp. 229–263. http://scholar.google.com/scholar?cluster=7233460876195285143&hl=en&as_sdt=0,9</p> <p><i>Supplementary:</i> Beneder, Reimer, and Marije Elkenbracht-Huizing, 2003, "Foreign exchange options and the volatility smile." <i>Medium Econometrische Toepassingen</i> 2, pp. 30–36. http://scholar.google.com/scholar?cluster=7869055941883453945&hl=en&as_sdt=0,9</p>

Session	Topic
L-8	<p>Contingent Claims Analysis for Banks</p> <p>Gapen, Michael, and others, 2004, “The Contingent Claims Approach to Corporate Vulnerability Analysis: Estimating Default Risks and Economy-Wide Risk Transfer,” IMF Working Paper WP/04/121 (Washington: International Monetary Fund). http://www.imf.org/external/pubs/ft/wp/2004/wp04121.pdf</p> <p>Gapen, Michael, and others, 2004, “Measuring and Analyzing Sovereign Risk with Contingent Claims,” <i>Staff Papers</i>, International Monetary Fund, Vol. 55 (January), No.1. http://www.imf.org/external/pubs/ft/staffp/2008/01/pdf/gapen.pdf</p> <p><i>Supplementary:</i></p> <p>Gray, Dale, and Samuel Malone, 2008, <i>Macrofinancial Risk Analysis</i> (London: Wiley Finance).</p> <p>International Monetary Fund, 2010, “Economic Uncertainty, Sovereign Risk and Financial Fragilities,” Global Financial Stability Report, October, Chapter 1. https://www.imf.org/External/Pubs/FT/GFSR/2010/02/pdf/chap1.pdf</p>
L-9	<p>Bank and Financial Crises</p> <p>Mendoza, Enrique G., and Marco E. Terrones, 2008, “An Anatomy of Credit Booms: Evidence from Macro Aggregates and Micro Data,” NBER Working Paper No. 14049 (The National Bureau of Economic Research). http://www.nber.org/papers/w14049</p> <p>Garber, Peter M., 1998, “Derivatives in International Capital Flow,” NBER Working Paper No. 6623 (Cambridge, Massachusetts: MIT Press). http://www.nber.org/papers/w6623.pdf</p> <p>Allen, Franklin, and Douglas Gale, 2007, “An Introduction to Financial Crises.” http://finance.wharton.upenn.edu/~allenf/download/Vita/readings%20on%20financial%20crises%20introduction.pdf</p> <p>Dell’Ariccia, Giovanni, and others, 2012, “Policies for Macrofinancial Stability: How to Deal with Credit Booms,” IMF Staff Discussion Note SDN/12/06. http://www.imf.org/external/pubs/ft/sdn/2012/sdn1206.pdf</p> <p><i>Supplementary:</i></p> <p>Brunnermeier, Markus K., 2009, “Deciphering the Liquidity and Credit Crunch 2007–08,” in <i>The Journal of Economic Perspectives</i>, Vol. 23, Number 1 (Winter), pp. 77–100. http://www.princeton.edu/~markus/research/papers/liquidity_credit_crunch.pdf</p>
L-10	<p>Bank Analysis and Stress Testing</p> <p>An Introduction to Macrofinancial Stress Testing: Principles and Practices—Background Material. Prepared by the Monetary and Capital Markets Department (August 29, 2012). http://www.imf.org/external/np/pp/eng/2012/082912a.pdf</p> <p>Borio, Claudio, and others, 2012, “Stress-Testing Macro Stress Testing: Does It Live Up to Expectations?” BIS Working Paper No. 369, January. http://www.bis.org/publ/work369.pdf</p> <p>Haldane, Andrew G., 2009, “Why Banks Failed the Stress Test,” speech given at the Marcus-Evans Conference on Stress Testing, February, (London: Bank of England). http://www.bankofengland.co.uk/publications/speeches/2009/speech374.pdf</p>

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	<p>Tarullo, Daniel K, 2010, “Lessons from the Crisis Stress Test,” speech by Governor Tarullo at the Federal Reserve Board International Forum on Monetary Policy, March, (Washington). http://www.federalreserve.gov/newsevents/speech/tarullo20100326a.htm</p> <p><i>Supplementary:</i> Board of Governors of the Federal Reserve System, 2013, <i>Comprehensive Capital Analysis and Review 2013</i> (Washington). http://www.federalreserve.gov/newsevents/press/bcreg/20130314a.htm</p> <p>Burrows, Oliver, and others, 2012, “RAMSI: A Top-Down Stress-Testing,” Bank of England Financial Stability Paper No. 17, September. http://www.bankofengland.co.uk/publications/Documents/fsr/fs_paper17.pdf</p> <p>European Banking Authority, 2011, <i>2011 EU-Wide Stress Testing Exercise</i>. http://www.eba.europa.eu/risk-analysis-and-data/eu-wide-stress-testing/2011/results</p> <p>Melecky, M., and A.M. Podpiera, 2010, “Macprudential Stress-Testing Practices of Central Banks in Central and South Eastern Europe: an Overview and Challenges Ahead,” Policy Research Working Paper Series No. 5434 (Washington: The World Bank). http://www.wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2010/09/27/000158349_20100927131234/Rendered/PDF/WPS5434.pdf</p> <p>Schmieder, Christian, and others, 2011, “Next Generation Balance Sheet Stress Testing,” IMF Working Paper WP/11/83, April. http://www.imf.org/external/pubs/cat/longres.aspx?sk=24798.0</p> <p>Schmieder, Christian, and others, 2012, “Next Generation System-Wide Liquidity Stress Testing,” IMF Working Paper WP/12/3, January. http://www.imf.org/external/pubs/cat/longres.aspx?sk=25509.0</p>
L-11	<p>Systemic Risk</p> <p>Hansen, Lars Peter, 2013, “Challenges in Identifying and Measuring Systemic Risk.” Forthcoming in <i>Risk Topography: Systemic Risk and Macro Modeling</i>, Markus K. Brunnermeier and Arvind Krishnamurthy, editors. University of Chicago Press, 2013. http://www.nber.org/chapters/c12507.pdf</p> <p>Espinosa-Vega, Marco, and Juan Solé, 2010, “Cross-border Financial Surveillance: A Network Perspective.” IMF Working Papers 10/105. http://www.imf.org/external/pubs/cat/longres.cfm?sk=23788.0</p> <p>“Staff Guidance Note on Macprudential Policy—Detailed Guidance on Instruments,” IMF Policy Paper, December 2014. http://www.imf.org/external/np/pp/eng/2014/110614a.pdf</p> <p><i>Supplementary:</i> Bisias, Dimitrios, Mark Flood, Andrew Lo, and Stavros Valavanis, 2012, “A Survey of Systemic Risk Analytics,” US Department of Treasury, Office of Financial Research 0001 (2012). http://www.treasury.gov/initiatives/wsr/ofr/Documents/OFRwp0001_BisiasFloodLoValavanis_ASurveyOfSystemicRiskAnalytics.pdf</p> <p>Arsov, Ivailo, Elie Canetti, Laura Kodres, and Sorbona Mitra, 2013, “‘Near-coincident’ Indicators of systemic stress,” IMF Working Paper 13/115. http://www.imf.org/external/pubs/cat/longres.aspx?sk=40551.0</p>

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W-8	<p data-bbox="354 233 537 264">Systemic Risk</p> <p data-bbox="354 281 1386 348">Espinosa-Vega, Marco, and Juan Solé, 2010, “Cross-border Financial Surveillance: A Network Perspective.” IMF Working Papers 10/105. http://www.imf.org/external/pubs/cat/longres.cfm?sk=23788.0</p> <p data-bbox="354 401 545 432"><i>Supplementary:</i></p> <p data-bbox="354 436 1380 504">Árvai, Zsófia, Karl Driessen, and Inci Otker-Robe, “Regional Financial Interlinkages and Financial Contagion Within Europe.” IMF Working Papers 09/6. http://www.imf.org/external/pubs/cat/longres.aspx?sk=22569.0</p> <p data-bbox="354 556 1219 623">IMF, 2012, “Enhancing Surveillance: Interconnectedness and Clusters,” http://www.imf.org/external/np/pp/eng/2012/031512.pdf</p>
W-9	<p data-bbox="354 646 924 678">New Tools for Macro-Financial Surveillance</p> <p data-bbox="354 688 1380 787">Ricardo Cervantes, Phakawa Jeasakul, Joseph F. Maloney, and Li Lian Ong, “Ms. Muffet, the Spider(gram) and the Web of Macro -Financial Linkages,” IMF Working Paper, 14/99. http://www.imf.org/external/pubs/cat/longres.aspx?sk=41636.0</p> <p data-bbox="354 848 1409 947">Blancher, Nicolas, Srobona Mitra, Hanan Morsy, Akira Otani, Tiago Severo, and Laura Valderrama, 2013, “SysMo—Practical Guidance on the Toolkit for Systemic Risk Monitoring,” IMF Working Papers 13/168. http://www.imf.org/external/pubs/cat/longres.aspx?sk=40791.0</p> <p data-bbox="354 999 1406 1098">Diebold, F. X. and Yilmaz, K. (2009), Measuring Financial Asset Return and Volatility Spillovers, with Application to Global Equity Markets. The Economic Journal, 119: 158–171. doi: 10.1111/j.1468-0297.2008.02208.x http://scholar.google.com/scholar?cluster=10032402086146338109&hl=en&as_sdt=0,9</p>