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**IMF – Singapore Regional Training Institute (STI)**  
**Course on Monetary and Exchange Rate Policy (ST15.13)**  
**Singapore**  
**June 29 – July 10, 2015**  
**READING LIST**

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**Monday, June 29, L-1: Monetary Policy Frameworks and Strategies**

**Recommended reading:**

Dell’Ariccia, Giovanni and Habermeier, Karl, 2014, “*The Evolution of Monetary Policy: More Art and Less Science*,” IMF direct online blog, March 2014.  
<http://blog-imfdirect.imf.org/2014/04/07/the-evolution-of-monetary-policy-more-art-and-less-science/>

Blanchard, Olivier, 2011, “*The Future of Macroeconomic Policy: Nine Tentative Conclusions*,” IMF direct online blog, March 2011.  
<http://blog-imfdirect.imf.org/2011/03/13/future-of-macroeconomic-policy/>

Ghosh, Atish and Ostry, Jonathan, “Choosing an Exchange Rate Regime, Finance and Development, December 2009, Volume 46, Number 4,  
<http://www.imf.org/external/pubs/ft/fandd/2009/12/ghosh.htm>

**Additional readings:**

Frankel, Jeffrey A. “Monetary Policy in Emerging Markets: A Survey”, *NBER Working Paper 16125*, National Bureau of Economic Research, Inc.  
[www.nber.org/papers/w16125](http://www.nber.org/papers/w16125)

Beetsma, Roel, and Massimo Giuliodori, 2010, “The Macroeconomic Costs and Benefits of the EMU and Other Monetary Unions: An Overview of Recent Research,” *Journal of Economic Literature*, Vol. 48, No. 3, pp. 603–41.  
[http://www.aeaweb.org/atypon.php?return\\_to=/doi/pdfplus/10.1257/jel.48.3.603](http://www.aeaweb.org/atypon.php?return_to=/doi/pdfplus/10.1257/jel.48.3.603)

Reinhart, Carmen, and Kenneth Rogoff, 2002, “The Modern History of Exchange Rate Arrangements: A Reinterpretation,” NBER Working Paper No. 8963 (Cambridge, MA: National Bureau of Economic Research).  
<http://www.nber.org/papers/w8963>

Ostry, D. Jonathan, Atish R. Ghosh, and Marcos Chamon, 2012, “Two Targets, Two Instruments: Monetary and Exchange Rate Policies in Emerging Market Economies,” IMF Staff Discussion Note (Washington: International Monetary Fund).

## Monday, June 29, L–2: The Monetary Policy Transmission Mechanism

### Recommended reading:

IMF Institute, 2007, “Direct and Indirect Instruments of Monetary Policy” (Chapter 12.2); “The Choice of Operational Targets for Monetary Policy” (Chapter 12.3); and \* “The Monetary Transmission Mechanism” (Chapter 12.4) in *Financial Programming and Policies* (unpublished; Washington: International Monetary Fund).

Mohanty, M.S., and Philip Turner, 2008, “Monetary Policy Transmission in Emerging Market Economies: What is New?” BIS Papers No. 35 (Basel: Bank for International Settlements).

<http://www.bis.org/publ/bppdf/bispap35a.pdf>

### Additional reading:

Bernanke, Ben S., and Mark Gertler, 1995, “Inside the Black Box: The Credit Channel of Monetary Policy Transmission,” *Journal of Economic Perspectives*, (Fall), vol. 9, no. 4, pp. 27–48.

<http://www.aeaweb.org/articles.php?doi=10.1257/jep.9.4.27>

Blinder, Alan, 2006, “Monetary Policy Today: Sixteen Questions and about Twelve Answers,” paper presented at the Banco de España Conference on Central Banks in the 21st Century, Madrid, June.

<http://www.princeton.edu/~ceps/workingpapers/129blinder.pdf>

## Tuesday, June 30, L–3: Inflation Analysis: Concepts, Measurement, and Determinants

### Recommended reading:

IMF Institute, 2007, “The Price Level, Inflation, and Exchange Rates,” Chapter 3 in *Financial Programming and Policies* (unpublished; Washington: International Monetary Fund).

Federal Reserve Bank of San Francisco --- Dr. Econ Blog Post, 2004, “What is “core inflation,” and why do economists use it instead of overall or general inflation to track changes in the overall price level?”

<http://www.frbsf.org/education/publications/doctor-econ/2004/october/core-inflation-headline>

### Additional reading:

Bryan, Michael, and Linsey Molloy, 2007, “Trimmed Mean CPI Inflation,” *Economic Trends*, Federal Reserve Bank of Cleveland, January, pp. 4–5.

<http://www.clevelandfed.org/research/trends/2007/0107/03infpri.cfm>

Ca’Zorzi, Michele, Elke Hahn, and Marcelo Sánchez, 2007, “Exchange Rate Pass-Through in Emerging Markets,” ECB Working Paper No. 739 (Frankfurt: European Central Bank).

<http://www.ecb.int/pub/pdf/scpwps/ecbwp739.pdf>

Clark, Todd E., 2001, “Comparing Measures of Core Inflation,” *Economic Review*, Federal Reserve Bank of Kansas City, Second Quarter, pp. 5–31.  
[www.kc.frb.org/publicat/econrev/pdf/2q01clar.pdf](http://www.kc.frb.org/publicat/econrev/pdf/2q01clar.pdf)

International Monetary Fund, 2006, “How Has Globalization Affected Inflation?” Chapter 3 in *World Economic Outlook, April 2006: Globalization and Inflation*, World Economic and Financial Surveys (Washington).  
<http://www.imf.org/external/pubs/ft/weo/2006/01/pdf/c3.pdf>

Wu, Tao, 2003, “Improving the Way We Measure Consumer Prices,” FRBSF Economic Letter, Federal Reserve Bank of San Francisco, 2003–24. :  
<http://www.frbsf.org/publications/economics/letter/2003/el2003-24.html>

### **Wednesday, July 1, L–4: Exchange Rates: Concepts, Measurements, and Assessment of Competitiveness**

#### **Recommended reading:**

Chinn, Menzie D., 2005, “A Primer on Real Effective Exchange Rates: Determinants, Overvaluation, Trade Flows and Competitive Devaluation,” NBER Working Paper No. 11521 (Cambridge, MA: National Bureau of Economic Research).  
<http://www.nber.org/papers/w11521>

Catão, Luis, 2012, “Real Exchange Rates: What Money Can Buy”, *Finance & Development*.  
<http://www.imf.org/external/pubs/ft/fandd/basics/realex.htm>

#### **Additional reading:**

Bussière, Matthieu, and others, 2010, “Methodological Advances in the Assessment of Equilibrium Exchange Rates,” ECB Working Paper Series No. 1151 (Frankfurt: European Central Bank).  
<http://www.ecb.int/pub/pdf/scpwps/ecbwp1151.pdf>

Frankel, Jeffrey, 2005, “On the Renminbi: The Choice Between Adjustment Under Fixed Exchange Rate and Adjustment Under a Flexible Rate,” NBER Working Paper No. 11274 (Cambridge, MA: National Bureau of Economic Research).  
<http://www.nber.org/papers/w11274>

Isard, Peter, 2007, “Equilibrium Exchange Rates: Assessment Methodologies,” IMF Working Paper No. 07/296 (Washington: International Monetary Fund).  
<http://www.imf.org/external/pubs/ft/wp/2007/wp07296.pdf>

## Wednesday, July 1, L–5: Inflation Targeting and Monetary Policy Strategy

### Recommended reading:

Frederic S. Mishkin, 2011, “Monetary Policy Strategy: Lessons From the Crisis,” in Marek Jarocinski and others (ed.), *Approaches to Monetary Policy Revisited – Lessons From the Crisis*, Conference Proceedings, Sixth ECB Central Banking Conference, November 18–19, 2010, (Frankfurt), European Central Bank, Number CBC6, October.  
<https://www.ecb.europa.eu/events/conferences/html/cbc6.en.html>

Freedman, Charles and Douglas Laxton, 2009, “Why Inflation Targeting?” IMF Working Paper No. 09/86. (Washington: International Monetary Fund).  
[www.imf.org/external/pubs/ft/wp/2009/wp0986.pdf](http://www.imf.org/external/pubs/ft/wp/2009/wp0986.pdf)

Hammond, Gill, 2012, “State of the Art of Inflation Targeting,” Bank of England Centre for Central Banking Studies Handbook - 29.  
<http://www.bankofengland.co.uk/education/Documents/ccbs/handbooks/pdf/ccbshb29.pdf>

### Additional reading:

Blinder, Alan, 2009, "Talking about Monetary Policy: The Virtues (and Vices?) of Central Bank Communication," BIS Working Papers No. 274, (Basel: Bank for International Settlements).  
<http://www.princeton.edu/~ceps/workingpapers/164blinder.pdf>

Hale, Galina and Alexej Philippov, May 2015, “Is Transition to Inflation Targeting Good for Growth?” Federal Reserve Bank of San Francisco Economic Letter.  
<http://www.frbsf.org/economic-research/publications/economic-letter/2015/may/inflation-targeting-advanced-developing-countries/>

Ostry, Jonathan D., Atish R. Ghosh, and Marcos Shamon, 2012, “Two Targets, Two Instruments: Monetary and Exchange Rate Policies in Emerging Market Economies,” IMF Staff Position Note 12/01 (Washington: International Monetary Fund).  
<http://www.imf.org/external/pubs/ft/sdn/2012/sdn1201.pdf>

## Thursday, July 2, L–6: Exchange Rate Regimes and Policies.

### Recommended reading:

Rogoff, Kenneth S., and others, 2004, *Evolution and Performance of Exchange Rate Regimes*, IMF Occasional Paper No. 229 (Washington: International Monetary Fund), “Overview,” pp. 1–3 and “Summary,” p. 49.  
[www.imf.org/external/pubs/ft/wp/2003/wp03243.pdf](http://www.imf.org/external/pubs/ft/wp/2003/wp03243.pdf)

Ghosh, Atish R. and Jonathan D. Ostry, *Choosing an Exchange Rate Regime*, in *Finance and Development*, v46(4). December 2009.  
<http://www.imf.org/external/pubs/ft/fandd/2009/12/pdf/ghosh.pdf>

**Additional reading:**

International Monetary Fund, 2004, “Learning to Float: The Experience of Emerging Market Countries Since the Early 1990s,” Chapter 2 in *World Economic Outlook, September 2004: Globalization and External Balances* (Washington).

<http://www.imf.org/external/pubs/ft/weo/2004/02/pdf/chapter2.pdf>

Bank for International Settlements, 2004, “Foreign Exchange Market Interventions: Methods and Tactics,” BIS Paper No. 24 (Basel: Bank for International Settlements)

<http://www.bis.org/publ/bppdf/bispap24.pdf>

Canales-Kriljenko, Jorge Ivan, and others, 2003, “Riding the Tiger: How Central Banks in Developing Countries Can Best Intervene in Volatile Foreign Exchange Markets,” *Finance & Development*, Vol. 40 (September), pp. 28–31.

<http://www.imf.org/external/pubs/ft/fandd/2003/09/pdf/canales.pdf>

Ghosh, Atish R., Jonathan D. Ostry and Charalambos Tsangarides, 2010, *Exchange Rate Regimes and the Stability of the International Monetary System*, IMF Occasional Paper No. 270 (Washington: International Monetary Fund).

**Thursday, July 2, L–7: External Sustainability****Recommended reading:**

Phillips, S. et al., “*The External Balance Assessment (EBA) Methodology*,” IMF Working Paper No. 13/80 (Washington: International Monetary Fund).

**Additional reading:**

Ricci, Luca Antonio, Gian Maria Milesi-Ferretti, and Jaewoo Lee, 2008, “Real Exchange Rates and Fundamentals: A Cross-Country Perspective,” IMF Working Paper No. 08/13 (Washington: International Monetary Fund).

<http://www.imf.org/external/pubs/ft/wp/2008/wp0813.pdf>

International Monetary Fund, 2007, “The Equilibrium Exchange Rate: Alternative Concept and Their Applications in IMF Surveillance,” in *IMF Exchange Rate Policy Advice*, pp. 53–66 (Washington).

[http://www.ieo-imf.org/eval/complete/pdf/05172007/ERP\\_background3.pdf](http://www.ieo-imf.org/eval/complete/pdf/05172007/ERP_background3.pdf)

Lee, Jaewoo, and others, 2008, *Exchange Rate Assessments: CGER Methodologies*, IMF Occasional Paper No. 261 (Washington: International Monetary Fund).

<http://www.imf.org/external/np/pp/eng/2006/110806.pdf>

## Friday, July 3, L–8: Major Challenges to Monetary Policy Effectiveness

### Recommended reading:

International Monetary Fund, 2009, “Lessons for Monetary Policy from Asset Price Fluctuations,” Chapter 3 in *World Economic Outlook, October 2009: Sustaining the Recovery*, World Economic and Financial Surveys (Washington).:

<http://www.imf.org/external/pubs/ft/weo/2009/02/pdf/c3.pdf>

Blanchard, Olivier, Giovanni Dell'Ariccia, and Paolo Mauro 2013, “Rethinking Macro Policy II: Getting Granular,” IMF Staff Position Note No. 13/3 (Washington: International Monetary Fund).

<https://www.imf.org/external/pubs/ft/sdn/2013/sdn1303.pdf>

### Additional reading:

Crowe, Christopher W., and others, 2011, “Policies for Macrofinancial Stability: Options to Deal with Real Estate Booms,” IMF Staff Discussion Note No. 11/02 (Washington: International Monetary Fund).

<http://www.imf.org/external/pubs/ft/sdn/2011/sdn1102.pdf>

Bakker, Bas, and others, 2012, “Policies for Macrofinancial Stability: How to Deal with Credit Booms,” IMF Staff Discussion Note No. 12/6 (Washington: International Monetary Fund).

<http://www.imf.org/external/pubs/cat/longres.aspx?sk=25935.0>

Dell'Ariccia, Giovanni, 2010, “Monetary Policy and Bank Risk-Taking,” IMF Staff Position Note No. 10/09 (Washington: International Monetary Fund).

<http://www.imf.org/external/pubs/ft/spn/2010/spn1009.pdf>

Kohn, Donald, L., 2008, “Monetary Policy and Asset Prices Revisited,” speech at the Cato Institute’s 26<sup>th</sup> Annual Monetary Policy Conference, Washington, D.C., November 19.

<http://www.federalreserve.gov/newsevents/speech/kohn20081119a.htm>

Mohan, R., 2003, “Fiscal Issues and Central Banks in Emerging Markets: An Indian Perspective,” BIS Papers No. 20 (Basel: Bank for International Settlements).

<http://www.bis.org/publ/bppdf/bispap20l.pdf>

Nombulelo, Duma, 2011, “Dollarization in Cambodia: Causes and Policy Implications,” IMF Working Paper No. 11/49 (Washington: International Monetary Fund).

<http://www.imf.org/external/pubs/ft/wp/2011/wp1149.pdf>

Ueda, Kazuo, 2005, “The Bank of Japan’s Struggle with the Zero Lower Bound on Nominal Interest Rates: Exercises in Expectations Management,” CIRJE Discussion Paper F series No. 375 (Tokyo: Center for International Research on the Japanese Economy).

<http://www.cirje.e.u-tokyo.ac.jp/research/dp/2005/2005cf375.pdf>

## **Monday, July 6, L–9: Capital Inflows and Policies to Address Them**

### **Recommended reading:**

Ostry, Jonathan D., and others, 2011, “Managing Capital Inflows: What Tools to Use?” Staff Position Note 11/06 (Washington: International Monetary Fund).

<http://www.imf.org/external/pubs/ft/sdn/2011/sdn1106.pdf>

Ostry, Jonathan D., and others, 2010, “Capital Inflows: The Role of Controls,” Staff Position Note 10/04 (Washington: International Monetary Fund).

<http://www.imf.org/external/pubs/ft/spn/2010/spn1004.pdf>

### **Additional reading:**

International Monetary Fund, 2011, “Recent Experiences in Managing Capital Inflows—Cross-Cutting Themes and Possible Policy Framework,” IMF Policy Papers, February (Washington).

<http://www.imf.org/external/np/pp/eng/2011/021411a.pdf>

Ball, Laurence, 2009, “Policy Responses to Exchange Rate Movements,” NBER Working Paper No. 15173 (Cambridge, MA: National Bureau of Economic Research).

<http://www.nber.org/papers/w15173>.

Kaminsky, Graciela, L., Carmen M. Reinhart, and Carlos Vegh, 2007, “When it Rains it Pours: Pro-cyclical Capital Flows and Macroeconomic Policies,” NBER Working Paper No. 10780 (Cambridge, MA: National Bureau of Economic Research).

<http://www.nber.org/papers/w10780>

International Monetary Fund, 2007, “Managing Large Capital Inflows,” Chapter 3 in *World Economic Outlook, October 2007: Globalization and Inequality* (Washington).

<http://www.imf.org/external/pubs/ft/weo/2007/02/pdf/c3.pdf>

## **Tuesday, July 7, L–10: Structured System for Monetary Policy Analysis**

### **Recommended reading:**

IMF Institute, 2013, “*Handout for the Modeling Workshop*” (unpublished; Washington: IMF Institute).

### **Additional reading:**

Bank of England, 2004, “The Interest Rate Assumptions in the Projections,” in *Inflation Report: November 2004* (London), pp. 42–3.

<http://www.bankofengland.co.uk/publications/inflationreport/ir04nov.pdf>

Berg, Andrew, and others, 2006, “*Practical Model-Based Monetary Policy Analysis—A How-To Guide*,” IMF Working Paper 06/81 (Washington: IMF).

<http://www.imf.org/external/pubs/ft/wp/2006/wp0681.pdf>

Laxton D., A. Scott and D. Rose, 2009, “Developing a Structured Forecasting and Policy Analysis System to Support Inflation-Forecast Targeting”, *IMF Working Paper*, No. WP/09/65.

<https://www.imf.org/external/pubs/ft/wp/2009/wp0965.pdf>

Lomax, Rachel, 2005, “Inflation Targeting in Practice: Models, Forecasts and Hunches,” speech given at the 59<sup>th</sup> International Atlantic Economic Conference, London, March.

<http://www.bis.org/review/r050321e.pdf>

Nelson, William, 2008, “Monetary Policy Decisions: Preparing the Inputs and Communicating the Outcomes,” BIS Working Paper No. 37 (Basel: Bank for International Settlements).

<http://www.bis.org/publ/bppdf/bispap37.htm>

### **Wednesday, July 8, L–11: Financial Globalization and Stability: Opportunities and Challenges**

#### **Recommended reading:**

Saday, R. and co-authors, 2015, “Rethinking Financial Deepening: Stability and Growth in Emerging Markets,” IMF Staff Discussion Note 15/08

<http://www.imf.org/external/pubs/ft/sdn/2015/sdn1508.pdf>

Ostry, Jonathan D., and Atish R. Ghosh, 2013, “Obstacles to International Policy Coordination, and How to Overcome Them,” IMF Staff Position Note No. 13/11 (Washington: International Monetary Fund).

<https://www.imf.org/external/pubs/ft/sdn/2013/sdn1311.pdf>

#### **Additional reading:**

Bluedorn, John and others, “International Capital Flows: Reliable or Fickle?” Chapter 4 in *World Economic Outlook, April 2011: Tensions from the Two-Speed Recovery: Unemployment, Commodities, and Capital Flows*, World Economic and Financial Surveys (Washington).

<http://www.imf.org/external/pubs/ft/weo/2011/01/pdf/c4.pdf>

He, Dong, 2012, “Renminbi Internationalization: A Primer,” Working Paper (Hong Kong Institute for Monetary Research)

[http://www.hkimr.org/uploads/news/43/news\\_0\\_86\\_renminbi-internationalisation-a-primer.pdf](http://www.hkimr.org/uploads/news/43/news_0_86_renminbi-internationalisation-a-primer.pdf)

Kose, M. Ayhan, and others, 2006, “Financial Globalization: A Reappraisal,” IMF Working Paper No. 06/189 (Washington: International Monetary Fund).

<http://www.imf.org/external/pubs/ft/fandd/2007/03/kose.htm>

Saday, R. and co-authors, 2014, Emerging Market Volatility: Lessons from the Taper Tantrum,” IMF Staff Discussion Note 14/09

<http://www.imf.org/external/pubs/ft/sdn/2014/sdn1409.pdf>



## **Wednesday, July 8, L–12:: Singapore’s Monetary Framework and Exchange Rate Regime**

*No Readings*

## **Thursday, July 9, L–13:: Monetary Policy and the Global Financial Crisis**

### **Recommended reading:**

Blanchard, Olivier, 2015, “Rethinking Macroeconomic Policy: Progress or Confusion,” iMF Direct.

<http://blog-imfdirect.imf.org/2015/05/01/ten-take-aways-from-the-rethinking-macro-policy-progress-or-confusion/>

Kohn, Donald L., 2010, “Monetary Policy in the Crisis: Past, Present, and Future,” presentation at American Economic Association Annual Meeting, Atlanta, January.

<http://www.federalreserve.gov/newsevents/speech/kohn20100103a.pdf>

### **Additional reading:**

Adrian, Tobias, and Hyun Song Shin, 2008, “Financial Intermediaries, Financial Stability, and Monetary Policy,” paper presented at the Jackson Hole Symposium “Maintaining Financial Stability in a Changing Financial System,” Federal Reserve Bank of Kansas City.

<http://www.kansascityfed.org/home/subwebnav.cfm?level=3&theID=10976&SubWeb=10660>

Blanchard, Olivier, Giovanni Dell’ Ariccia and Paolo Mauro, 2010, “Rethinking Macroeconomic Policy,” IMF Staff Position Note 10/03.

<http://www.imf.org/external/pubs/ft/spn/2010/spn1003.pdf>

Blanchard, Olivier, Giovanni Dell’ Ariccia and Paolo Mauro, 2013, “Rethinking Macroeconomic Policy II,” IMF Staff Discussion Note

<http://www.imf.org/external/pubs/ft/sdn/2013/sdn1303.pdf>

Borio, Claudio, 2009, “Ten Propositions about Liquidity Crisis,” BIS Working Papers, No. 293 (Basel: Bank for International Settlements).

<http://www.bis.org/publ/work293.pdf?noframes=1>

Buiter, Willem, 2008, “Central Banks and Financial Crises,” paper presented at the Jackson Hole Symposium “Maintaining Financial Stability in a Changing Financial System,” Federal Reserve Bank of Kansas City.

<http://www.kansascityfed.org/home/subwebnav.cfm?level=3&theID=10976&SubWeb=10660>

Gonzalez-Paramo, Jose Manuel, 2009, “Beyond the Financial Crisis: Some Issues on the Future of Central Banking,” speech at the Inaugural Conference of “Catedra Fundacion Ramon Areces Distribution,” University of Oviedo, June.

[http://www.ecb.int/press/key/date/2009/html/sp090619\\_1.en.html](http://www.ecb.int/press/key/date/2009/html/sp090619_1.en.html)

Krugman, Paul, and Robin Wells, 2010, "The Slump Goes On: Why?" *The New York Review of Books*, Vol. 57, (September).

<http://www.nybooks.com/articles/archives/2010/sep/30/slump-goes-why/>

Krugman, Paul, and Robin Wells, 2010, "The Way Out of the Slump," *The New York Review of Books*, Vol. 57, (October).

<http://www.nybooks.com/articles/archives/2010/oct/14/way-out-slump/>

Obstfeld, Maurice, and Kenneth Rogoff, 2010, "Global Imbalances and the Financial Crisis: Products of Common Causes," August.

<http://elsa.berkeley.edu/~obstfeld/>

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*June 12, 2015*