VÁLOGATÁS

az ECB, az EU, az IMF, a BIS és az OECD dokumentumaiból

2010. december 9. – december 15.

MAGYAR NEMZETI BANK

1. MONETÁRIS POLITIKA, INFLÁCIÓ

Has monetary policy independence been undermined http://www.bis.org/review/r101213a.pdf Address by **Ms Gill Marcus**, Governor of the South African Reserve Bank, to the 1926 Rand Club, Johannesburg, 30 November 2010.	BIS Central Banker Speech
Forecasting in an uncertain world http://www.bis.org/review/r101213e.pdf Address by **Mr Philip Lowe**, Assistant Governor Economic of the Reserve Bank of Australia, at the Australian Business Economists Annual Forecasting Conference dinner, Sydney, 8 December 2010.	BIS Central Banker Speech
Monetary policy considerations after the crisis - practitioners' perspectives http://www.bis.org/review/r101214d.pdf Plenary lecture by **Dr Subir Gokarn**, Deputy Governor of the Reserve Bank of India, at the conference "Economic Policies for Inclusive Development", New Delhi, 1 December 2010.	BIS Central Banker Speech

2. PÉNZÜGYI STABILITÁS/PÉNZÜGYI PIACOK

Reflections on the past year http://www.bis.org/review/r101215a.pdf Speech by **Mr Ivan Iskrov**, Governor of the Bulgarian National Bank, to the Association of Banks in Bulgaria on the occasion of the Banker's Day, Sofia, 6 December 2010.	BIS Central Banker Speech
Curbing the credit cycle http://www.bis.org/review/r101214e.pdf Speech by **Messrs David Aikman, Andrew G Haldane and Benjamin Nelson**, at the Columbia University Center on Capitalism and Society Annual Conference, New York, 20 November 2010.	BIS Central Banker Speech
Interview in Central Banking Journal http://www.bis.org/review/r101213b.pdf Interview with **Mr Agustin Carstens**, Governor of the Bank of Mexico, in Central Banking Journal, United Kingdom, conducted by Ms Claire Jones on 8 October 2010, Washington DC.	BIS Central Banker Speech
Lessons from the crisis http://www.bis.org/review/r101210d.pdf Address by **Mr Stanley Fischer**, Governor of the Bank of Israel, at the annual conference of the Association of Banks in Israel, Tel Aviv, 30 November 2010.	BIS Central Banker Speech
Fixing finance: Few easy answers http://www.oecd.org/document/45/0,3343,en_2649_201185_46695597_1_1_1_1,00.html Speech by **William R White**, Chair of the OECD Economic and Development Review Committee, 15-Dec-2010	OECD Speech
EU watchdog placed at the heart of credit rating agency supervision, 15/12/2010 http://www.europarl.europa.eu/en/pressroom/content/20101215IPR10130/	EU Press Release
Financial Stability Review, 09/12/2010 http://www.ecb.int/pub/pdf/other/financialstabilityreview201012en.pdf Related press release: **Financial Stability Review December 2010** http://www.ecb.int/press/pr/date/2010/html/pr101209.en.html	ECB Publication

Quarterly Report on the Euro Area - December 2010, 14/12/2010 http://ec.europa.eu/economy_finance/publications/qr_euro_area/2010/pdf/qrea201004_en.pdf As part of the effort to broaden macroeconomic surveillance, this issue of the Quarterly Report on the Euro Area argues that supervisory and regulatory reforms can help avoid future harmful credit and asset price booms in the euro area by keeping banks' leverage in check and by establishing more stringent lending standards. It examines the impact of the financial crisis on cross-border M and A activity in the banking sector, concluding that the process of market integration is still ongoing but has slowed as a consequence of the crisis. It also shows that the sovereign debt crisis of 2010 has complicated the ongoing process of balance sheet repair in the financial sector. Finally, the report provides tentative evidence that the tightening of bank credit conditions has caused large non-financial corporations in the euro area to diversify away from their traditional bank-based funding and switch to greater use of bond issuance. ***Highlights in this issue:*** • Focus: Regulatory changes in the financial sector and the prevention of housing bubbles • The Impact of the financial crisis on the integration of the euro-area banking sector • Has the sovereign debt crisis hampered the recovery process in the euro-area financial sector? • The impact of the financial crisis on corporate finance: how important is the shift from bank financing to bonds? Related press release: **Stricter financial regulation can help contain future asset bubbles and reduce macroeconomic imbalances** http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1703&format=HTML&aged=0&language=EN&guiLanguage=en	EU Publication + Press Release
Estimating a Structural Model of Herd Behavior in Financial Markets, December 13, 2010 http://www.imf.org/external/pubs/ft/wp/2010/wp10288.pdf We develop a new methodology to estimate the importance of herd behavior in financial markets: we build a structural model of informational herding that can be estimated with financial transaction data. In the model, rational herding arises because of information-event uncertainty. We estimate the model using data on a NYSE stock (Ashland Inc.) during 1995. Herding often arises and is particularly pervasive on some days. The proportion of herd buyers (sellers) is 2 percent (4 percent) and is greater than 10 percent in 7 percent (11 percent) of information-event days. Herding causes important informational inefficiencies, amounting, on average, to 4 percent of the expected asset value.	IMF Working Paper
Bank Capital: Lessons from the Financial Crisis, December 10, 2010 http://www.imf.org/external/pubs/ft/wp/2010/wp10286.pdf Using a multi-country panel of banks, we study whether better capitalized banks experienced higher stock returns during the financial crisis. We differentiate among various types of capital ratios: the Basel risk-adjusted ratio; the leverage ratio; the Tier I and Tier II ratios; and the tangible equity ratio. We find several results: (i) before the crisis, differences in capital did not have much impact on stock returns; (ii) during the crisis, a stronger capital position was associated with better stock market performance, most markedly for larger banks; (iii) the relationship between stock returns and capital is stronger when capital is measured by the leverage ratio rather than the risk-adjusted capital ratio; (iv) higher quality forms of capital, such as Tier 1 capital and tangible common equity, were more relevant.	IMF Working Paper
The Cost of Private Debt Over the Credit Cycle, December 9, 2010 http://www.imf.org/external/pubs/ft/wp/2010/wp10283.pdf We identify global and regional fluctuations in international private debt flows to emerging and developing countries using data on cross border loans and international bond issuance over 1993 -2009. We estimate the effects of individual borrower characteristics as well as macroeconomic conditions on the cost of foreign borrowing and test whether these effects	IMF Working Paper

differ across phases of the lending cycle. We find that public and financial institutions benefit from lower spreads compared to private and nonfinancial firms and that lenders may differentiate the risk associated with the borrower's industrial sector between good and bad times. The loan (bond) rating has an equally robust spread reduction effect across credit cycle phases. The results also suggest that international reserve holdings and investment ratios have a significant effect on reducing credit spreads for loans, while higher reserve holdings and longer maturities matter more for bond spreads.	
Basel III: A global regulatory framework for more resilient banks and banking systems, 16 December 2010 http://www.bis.org/publ/bcbs189.pdf This document, together with the document Basel III: International framework for liquidity risk measurement, standards and monitoring, presents the Basel Committee's1 reforms to strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector. The objective of the reforms is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. This document sets out the rules text and timelines to implement the Basel III framework. Related press release: http://www.bis.org/publ/bcbs189.htm	BIS/BCBS Publication + Press Release
Basel III: International framework for liquidity risk measurement, standards and monitoring, 16 December 2010 http://www.bis.org/publ/bcbs188.pdf This document presents the liquidity portion of the Basel Committee's1 reforms to strengthen global capital and liquidity regulations with the goal of promoting a more resilient banking sector. The objective of the reforms is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. This document sets out the rules text and timelines to implement the liquidity portion of the Basel III framework. Related press release: http://www.bis.org/publ/bcbs188.htm	BIS/BCBS Publication + Press Release
Guidance for national authorities operating the countercyclical capital buffer http://www.bis.org/publ/bcbs187.pdf This document sets out procedures and guidance for national authorities operating the countercyclical capital buffer regime. It sets out what is required of the national authorities responsible for operating the countercyclical buffer regime, the principles that they should follow in making buffer decisions and the calculation of the common buffer guide that will feed into buffer decisions across jurisdictions. In addition to providing guidance for national authorities, this document should help banks to understand and anticipate the buffer decisions in the jurisdictions to which they have credit exposures. Related press release: http://www.bis.org/publ/bcbs187.htm	BIS/BCBS Publication + Press Release
Results of the comprehensive quantitative impact study http://www.bis.org/publ/bcbs186.pdf The Basel Committee on Banking Supervision conducted a comprehensive quantitative impact study (QIS) to ascertain the impact of its new requirements to raise the quality and level of the capital base, to enhance risk capture, to contain excessive leverage and to introduce new liquidity standards for the global banking system - collectively referred to as "Basel III" – originally introduced in July and December 2009. The Group of Governors and Heads of Supervision (GHOS), the oversight body of the Committee, confirmed the design and calibration of these reforms at its July and September 2010 meetings. This report	BIS/BCBS Publication + Press Release

summarises the results of the comprehensive QIS by providing aggregated analysis of bank data collected by national supervisors. Related press release: http://www.bis.org/publ/bcbs186.htm	
BIS Quarterly Review, December 2010, 13 December 2010 http://www.bis.org/publ/qtrpdf/r_qt1012.htm • Monetary policy and sovereign debt concerns drive markets • Highlights of international banking and financial market activity • The $4 trillion question: what explains FX growth since the 2007 survey? • Derivatives in emerging markets • Counterparty risk and contract volumes in the credit default swap market • A user's guide to the Triennial Central Bank Survey of foreign exchange market activity Related press release http://www.bis.org/press/p101213.htm	BIS Publication + Press Release
Sound Practices for the Management and Supervision of Operational Risk - consultative document, 13 December 2010 http://www.bis.org/publ/bcbs183.pdf The Basel Committee on Banking Supervision today issued for consultation two papers on operational risk: *Sound Practices for the Management and Supervision of Operational Risk* and *Operational Risk - Supervisory Guidelines for the Advanced Measurement Approaches*. *Sound Practices for the Management and Supervision of Operational Risk* updates the Committee's 2003 paper on this topic. The updated version highlights the evolution of operational risk management since 2003 and is based on best industry practice and supervisory experience. The principles outlined in the report are discussed within the context of three overarching themes: governance, risk management and disclosure. The Committee also issued for consultation *Operational Risk - Supervisory Guidelines for the Advanced Measurement Approaches*. The regulatory capital adequacy framework envisages that, over time, the operational risk discipline will continue to mature and converge towards a narrower band of effective risk management and measurement practices. The guidance seeks to better achieve this by setting out supervisory guidelines relating to governance, data and modelling. Comments on the reports should be submitted by **25 February 2011** by e-mail (baselcommittee@bis.org) or post (Secretariat of the Basel Committee on Banking Supervision, Bank for International Settlements, CH-4002 Basel, Switzerland).	BIS/BCBS Publication
Sound practices for backtesting counterparty credit risk models - final document, 10 December 2010 http://www.bis.org/publ/bcbs185.pdf The Basel Committee on Banking Supervision issued today Sound practices for backtesting counterparty credit risk models. This guidance sets out supervisory expectations as well as recommendations to strengthen the backtesting of internal assessments of counterparty credit risk exposures. Banks that have received supervisory permission to use internal model methods to calculate regulatory capital are required to validate their models on an ongoing basis. Backtesting is an integral element of the model validation process and the financial crisis has revealed that additional guidance in this area is required. The Committee believes that implementation of these sound practices will improve the backtesting of banks' models and, as a result, will enhance the resilience of individual banks and the financial system. Related press release: http://www.bis.org/press/p101210a.htm	BIS/BCBS Publication + Press Release

Why issue bonds offshore? 10 December 2010 http://www.bis.org/publ/work334.pdf This paper asks why Asia-Pacific residents issue debt in offshore markets and considers the implications for domestic debt markets. We use unit record data for bond issuance by non-government residents of Australia, Hong Kong, Korea, Japan and Singapore to link the decision to issue offshore to potential benefits. The results suggest that residents of smaller markets issue bonds offshore to arbitrage price differentials; to access foreign investors; and to issue larger, lower-rated or longer-maturity bonds. These bond characteristics tend to be correlated with offshore bond market size. The results support the notions that (i) deviations from covered interest parity are actively arbitraged by residents of minor currency areas, as well as by internationally active borrowers, as established in the literature; and (ii) issuers benefit from the liquidity and diversification of larger "complete" offshore markets. Against the potential benefits to borrowers, we consider the risks for both borrowers and the domestic market, and lessons from the ongoing financial crisis such as the benefits of funding diversification.	BIS Working Paper
Minimising risks from imbalances in European banking, 13-Dec-2010 http://www.oecd.org/dataoecd/38/44/46673001.pdf The euro area financial system took excessive risks during the global credit boom, which in some countries led to an unsustainable increase in credit, higher asset prices and housing booms. This process helped to fuel large imbalances within the euro area. Banks played a key role in channelling funds from economies with large surpluses to deficit countries, leading in some cases to the accumulation of considerable risks for borrowers and lenders. Weaknesses in the regulatory and supervisory architecture contributed to these problems in the euro area, as in other OECD economies. Gaps in microprudential regulation created an environment prone to excessive risk-taking: capital buffers were too small; the quality of capital was inadequate; banks' models underestimated risks; and risks were shifted off-balance sheet and beyond supervisory oversight. Liquidity risks were not adequately monitored. Systemic risks were allowed to build up as the authorities largely failed to counter the credit cycle. Some large systemic banks contributed to growing imbalances and vulnerability. The decentralised European supervisory architecture was not sufficiently effective in supervising large cross-border institutions. When the financial crisis hit, the co-ordination of cross-border rescues proved problematic and complicated efficient resolution. Stronger regulations are needed to improve financial stability. Effective microprudential regulation is the first line of defence. This should be upgraded by implementing the Basel III capital accord, as has been announced by the EU authorities, and a range of related measures. Some consideration should be given to an accelerated phasing-in. Macroprudential regulation should be significantly developed to mitigate pro-cyclicality and reduce systemic risks posed by large cross-border banks. The creation of the European Systemic Risk Board is welcome. To improve cross-border supervision, the European Banking Authority should have sufficient powers and resources to ensure that a system based on national supervision leads to coherent regulation and effective supervision. In addition, a cross-border crisis-management framework for Europe is needed. Overall, significant steps have already been taken by the EU authorities to address these issues and further reforms are under way.	OECD Working Paper
Financial Market Trends - OECD Journal Article, 10-Dec-2010 • **Systemic financial crises: How to fund resolution** http://www.oecd.org/dataoecd/16/16/46681329.pdf Systemic financial crises are a recurrent phenomenon, and despite regulatory efforts they are likely to occur again. This report compares the *ex ante* funding of deposit insurance schemes in a selection of countries, highlighting the „funding gap" left by these arrangements in the recent financial crisis. To fill that gap, different approaches have been adopted across countries in the recent crisis. Where support for the financial sector was provided as part of policy response to the crisis, new taxes have been adopted to generate revenues *ex post*, although the specific approaches have differed. While there is no single solution in this regard, this report finds that *ex ante* funded systemic risk resolution funds, together with strengthened failure resolution powers, are in principle adequate to help fill the gap.	OECD Publication

3. KÖLTSÉGVETÉSI POLITIKA

Comments on Mr Leszek Balcerowicz's lecture "Sovereign bankruptcy in the EU - a comparative perspective" http://www.bis.org/review/r101209g.pdf Comments by **Mr Ignazio Visco**, Deputy Director General of the Bank of Italy, on the lecture by Mr Leszek Balcerowicz on "Sovereign bankruptcy in the EU - a comparative perspective", at the Lectio Marco Minghetti 2010, Rome, 26 October 2010.	BIS Central Banker Speech
Budget deficits: What governments are doing http://www.oecd.org/document/49/0,3343,en_2649_201185_46664497_1_1_1_1,00.html We asked finance ministers from a broad selection of countries facing different fiscal challenges-France, Germany, Indonesia, Ireland, Korea, Mexico, New Zealand and South Africa-to answer this question	OECD Interview
CALL FOR PAPERS: Fiscal Policy, Stabilization, and Sustainability, December 9, 2010 http://www.imf.org/external/np/seminars/eng/2010/eui/index.htm	IMF Press Release
Fiscal Decentralisation and Public Investment - The Experience of Latin America, 13-Dec-2010 http://www.oecd-ilibrary.org/fiscal-decentralisation-and-public-investment_5km347r2hhbp.pdf?contentType=/ns/WorkingPaper&itemId=/content/workingpaper/5km347r2hhbp-en&containerItemId=/content/workingpaperseries/18151973&accessItemIds=&mimeType=application/pdf Despite large differences across countries, Latin America's average investment-to-GDP ratio and the overall quality of infrastructure in the region are relatively low by international comparison. Empirical evidence on the effects of fiscal decentralisation on investment based on a panel of Latin American countries since the late 1990 suggests that fiscal decentralisation discourages Latin American subnational governments from investing (acquiring fixed assets) and that lower subnational spending on investment is associated with lower economy-wide gross fixed capital formation. Latin American countries will therefore need to face a double challenge of revisiting the current arrangements for decentralised provision that discourage subnational governments from investing, while making the most of decentralisation as a policy lever to raise private investment.	OECD Working Paper
Does fiscal decentralisation strengthen social capital? Cross-country evidence and the experiences of Brazil and Indonesia, 14-Dec-2010 http://www.oecd-ilibrary.org/does-fiscal-decentralisation-strengthen-social-capital_5km347ntdnxn.pdf?contentType=/ns/WorkingPaper&itemId=/content/workingpaper/5km347ntdnxn-en&containerItemId=/content/workingpaperseries/18151973&accessItemIds=&mimeType=application/pdf This paper tests the hypothesis that, by giving people more voice in the government decision-making process, fiscal decentralisation fosters social capital, measured in terms of interpersonal trust. Empirical evidence based on World Values Survey data and seemingly unrelated probit estimations for a cross-section of countries suggests that people living in federal/decentralised countries find it more important to have voice in government decisions than their counterparts living in unitary/centralised countries. Pro-voice attitudes are, in turn, associated with greater social capital. The cross-country estimations are complemented by country-specific regressions for Brazil and Indonesia on account of these countries. experiences with fiscal decentralisation. The results show that the cohorts of individuals that have been exposed to decentralisation are in general more pro-voice (and trustful of strangers in the case of Brazil) than their counterparts that have not been exposed to decentralisation. These findings are not driven by the effects of political liberalisation on people.s attitudes towards the importance of having voice in government decisions and interpersonal trust.	OECD Working Paper

Improving fiscal performance through fiscal councils, 13-Dec-2010 http://www.oecd.org/dataoecd/38/43/46673013.pdf There is growing interest in the role of independent fiscal institutions, or fiscal councils, in helping to improve fiscal performance. This paper provides some guidance on the scope for improving fiscal performance through fiscal councils based on the available literature and the range of fiscal institutions in the OECD countries. The effectiveness of fiscal councils hinges on several factors, including having full autonomy within the scope of their mandates, active and unfettered dissemination of their analysis and their credibility. Experience and empirical evidence suggest that delegating macroeconomic forecasting to an independent fiscal council can indeed reduce forecasting bias. There is some empirical evidence that independent fiscal institutions can buttress a government's capacity to comply with a numerical rule. Good fiscal institutions are a necessary condition for achieving disciplined fiscal performance. Experience demonstrates, however, that their existence is not sufficient. Without strong and sustained political commitment to a medium-term fiscal goal and, where relevant, to the mandate of a fiscal council, durable improvements in fiscal performance will remain elusive.	OECD Working Paper
Financial Market Trends - OECD Journal Article, 10-Dec-2010 • **OECD Sovereign Borrowing Outlook No.3** http://www.oecd.org/dataoecd/11/15/46215216.pdf The third OECD Sovereign Borrowing Outlook provides revised estimates for 2010 and projections for 2011. Gross borrowing needs of OECD governments are expected to reach almost USD 17.5 trillion in 2010, up from an earlier estimate of almost USD 16 trillion. In 2011, borrowing needs of OECD sovereigns are projected to reach almost USD 19 trillion, nearly twice that of 2007. Against this backdrop government debt ratios are expected to further deteriorate.	OECD Publication
Fiscal-consolidation strategies for Canadian governments, 09-Dec-2010 http://www.oecd-ilibrary.org/fiscal-consolidation-strategies-for-canadian-governments_5km36j7nc2g4.pdf?contentType=/ns/WorkingPaper&itemId=/content/workingpaper/5km36j7nc2g4-en&containerItemId=/content/workingpaperseries/18151973&accessItemIds=&mimeType=application/pdf Although Canada remains in an advantageous fiscal position relative to many other OECD countries as the global economy recovers from the 2008/09 recession, the deterioration in the country's public finances has been substantial. Years of spending increases above trend economic growth have led to high structural levels of expenditure, and some Canadian governments are now on unsustainable fiscal paths, a diagnosis made starker when taking an even longer-term view that considers the fiscal implications of demographic change. Evidence shows that successful fiscal consolidations tend to rely on spending restraint rather than tax increases. When focused on restraining less productive expenditure, they can also boost economic growth. Fiscal rules can be useful tools in achieving budgetary consolidation, but also as part of the general fiscal framework to limit deficit bias and counteract the tendency shown by some Canadian governments over the past two decades to run pro-cyclical fiscal policies. Canadian governments with large deficits should announce deficit targets on the way to fiscal balance and should consider supporting these targets with spending growth limits. Other governments should also limit spending growth and target reductions in debt-to-GDP ratios, perhaps supported by budget surplus targets. Temporary fiscal stimulus measures should be allowed to expire as planned. To date, the federal and almost all provincial/territorial governments have committed to return to budget balance over the medium term and outlined plans to do so that focus primarily on expenditure restraint. These plans are broadly in line with the recommendations set forth in this paper and should allow Canada to return to budget balance over the medium term. Of crucial importance for the long-term success of fiscal-consolidation and debt-reduction strategies are public backing and transparency. The federal government should continue to support the Parliamentary Budget Office, and provinces should consider establishing similar independent fiscal agencies that can assess compliance relative to objectives and reinforce accountability.	OECD Publication

4. ÁLTALÁNOS GAZDASÁGPOLITIKA

Introductory remarks http://www.ecb.int/press/key/date/2010/html/sp101213.en.html By **Jean-Claude Trichet**, President of the European Central Bank, at the International Club of Economic Journalists, Frankfurt am Main, 13 December 2010	ECB Speech
Greece makes major achievements in response to the crisis? http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/10/738&format=HTML&aged=0&language=EN&guiLanguage=en Speech by **Olli Rehn**, European Commissioner for Economic and Monetary Affairs at the Greek Parliament, Athens, 9 December 2010	EU Speech
Greece's Economy at a Crucial Crossroads http://www.imf.org/external/np/vc/2010/121210.htm Interview with Dominique Strauss-Kahn published in Kathimerini (Greece), December 12, 2010	IMF Interview
The economic outlook for 2011 and beyond http://www.bis.org/review/r101215d.pdf Speech by **Mr Charles Bean**, Deputy Governor for Monetary Policy at the Bank of England, at the Market News International Annual Seminar, London, 13 December 2010.	BIS Central Banker Speech
Fifth High-Level Seminar of the Eurosystem and Latin American Central Banks, 10/12/2010 http://www.ecb.int/press/pr/date/2010/html/pr101210.en.html	ECB Press Release
Parliament adopts EU budget for 2011, 15/12/2010 http://www.europarl.europa.eu/en/pressroom/content/20101215IPR10188/	EU Press Release
Council approves new draft EU budget for 2011, 10/12/2010 http://www.consilium.europa.eu//uedocs/cms_data/docs/pressdata/en/ecofin/118407.pdf	EU Press Release
Mexico: IMF Managing Director Dominique Strauss-Kahn Welcomes Mexico's Request to Expand Flexible Credit Line to US$73 Billion, December 14, 2010 http://www.imf.org/external/np/sec/pr/2010/pr10490.htm	IMF Press Release
Belgium: 2010 Article IV Consultation Concluding Statement of the Mission, December 13, 2010 http://www.imf.org/external/np/ms/2010/121310a.htm	IMF Press Release
Estonia: 2010 Article IV Consultation Preliminary Conclusions of the IMF Mission, December 13, 2010 http://www.imf.org/external/np/ms/2010/121310.htm	IMF Press Release
Statement by IMF on Ireland, December 10, 2010 http://www.imf.org/external/np/sec/pr/2010/pr10482.htm	IMF Press Release
Russia: Statement by IMF Mission, December 9, 2010 http://www.imf.org/external/np/sec/pr/2010/pr10480.htm	IMF Press Release
OECD Secretary-General Angel Gurría welcomes President Sarkozy's G20 agenda, 15-Dec-2010 http://www.oecd.org/document/32/0,3343,en_21571361_44315115_46719840_1_1_1_1,00.html	OECD Press Release

Estonia becomes the OECD's 34th member, 09-Dec-2010 http://www.oecd.org/document/61/0,3343,en_2649_201185_45417277_1_1_1_1,00.html On 9 December 2010, Estonia deposited its instrument of accession to the OECD Convention, thereby becoming a member of the Organisation. Estonia was invited by OECD countries to open negotiations for membership in May 2007.	OECD Press Release
Openness and optimal monetary policy, 14/12/2010 http://www.ecb.int/pub/pdf/scpwps/ecbwp1279.pdf We show that the composition of imports has important implications for the optimal volatility of the exchange rate. Using input-output data for 25 countries we document substantial differences in the import and non-tradable content of final demand components, and in the role played by imported inputs in domestic production. We build a business cycle model of a small open economy to discuss how the problem of the optimizing policy-maker changes endogenously as the composition of imports and of final demand is altered. Contrary to models where steady state trade openness is entirely characterized by home bias, we find that trade openness is a very poor proxy of the welfare impact of alternative monetary policies. Finally, we quantify the loss from an exchange rate peg relative to the Ramsey policy conditional on the composition of imports, using parameter values that are estimated from OECD input-output tables data. We find that the main determinant of the losses is the share of non-traded goods in final demand.	ECB Working Paper
Shocking stuff: technology, hours, and factor substitution, 14/12/2010 http://www.ecb.int/pub/pdf/scpwps/ecbwp1278.pdf The reaction of hours worked to technology shocks represents a key controversy between RBC and New Keynesian explanations of the business cycle. It sparked a large empirical literature with contrasting results. We demonstrate that, with a more general and data coherent supply and production framework ("normalized" factor-augmenting CES technology), both models can plausibly generate impacts of either sign. We develop analytical expressions to establish the threshold between positive and negative contemporaneous correlations for both models. These will crucially depend on the factor-augmentation nature of the shock, the elasticity of factor substitution, the capital income share, and the reaction of consumption. The impact of technology on hours can thus hardly be taken as evidence in support of any particular business-cycle model. Our results are also important as: i) we introduce the concept of normalization for DSGE models and, ii) they may help interpret possible time-variation in technology and hours correlations over time.	ECB Working Paper
The portfolio balance effect and reserve diversification: an empirical analysis, 14/12/2010 http://ec.europa.eu/economy_finance/publications/economic_paper/2010/pdf/ecp431_en.pdf The purpose of this study is to examine whether the portfolio balance effect, operating through the outstanding debts of US and euro area, and the signaling effect of sterilized intervention, operating through the relative composition of official reserves of developing and emerging countries, explain the developments of the euro/dollar exchange rate. The empirical analysis reveals that both effects are statistically significant and have the correct signs. The Clark-West testing procedure indicates that the model which relates the exchange rate to official reserves and the interest rate differential outperforms the random walk model in the forecasting accuracy.	EU Publication
China's External Surplus: Simulations with a Global Macroeconomic Model - Lukas Vogel, European Commission, 10/12/2010 http://ec.europa.eu/economy_finance/publications/economic_paper/2010/pdf/ecp430_en.pdf The paper analyses China's external position in a multi-region macroeconomic model of the world economy. The model includes a portfolio structure and Forex intervention to proxy net/gross and government/non-government foreign asset positions, capital controls and exchange rate management in China. The selected set of transition and globalisation shocks	EU Publication

replicates China's external position well, suggesting that it reflects capital exports driven by shifts in domestic saving supply, rather than shifts in foreign saving demand. The simulations also highlight the importance of effective capital controls for the viability of China's exchange rate management. Finally, the analysis suggests that enhanced flexibility of the RMB exchange rate could reduce China's net creditor position.	
European Business Cycle Indicator - December 2010 http://ec.europa.eu/economy_finance/publications/cycle_indicators/2010/pdf/ebci12_en.pdf In November, the Economic Sentiment Indicator (ESI) improved further in both the EU and the euro area. This month's special focus presents the results of the latest Investment survey for the EU and large Member States, conducted in October and November 2010.	EU Publication
The Stability and Growth Pact: Lessons from the Great Recession, 09/12/2010 http://ec.europa.eu/economy_finance/publications/economic_paper/2010/pdf/ecp429_en.pdf While current instruments of EU economic policy coordination helped stave off a full-scale depression, the post-2007 global financial and economic crisis has revealed a number of weaknesses in the Stability and Growth Pact, the EU framework for fiscal surveillance and fiscal policy coordination. This paper provides a diagnosis of how the SGP faired ahead and during the present crisis and offers a first comprehensive review of the ongoing academic and policy debate, including an account of the reform proposals adopted by the Commission on 29 September 2010. In our view, the current system of EU rules is unbalanced. It consists of (i) very specific provisions on how to conduct fiscal policy making in normal times with no effective enforcement mechanisms, and of (ii) no or extremely tight provisions for really bad economic times, like the Great Recession. A two-pronged approach as outlined in this report is needed to revive the Pact: tighter enforcement, coupled with broader macroeconomic surveillance, in good times and an open window for exceptionally bad times, including a crisis resolution mechanism at the EU level.	EU Publication
What Drives House Prices in Australia? A Cross-Country Approach, December 15, 2010 http://www.imf.org/external/pubs/ft/wp/2010/wp10291.pdf This paper analyzes the factors driving house prices in Australia from a cross-country perspective using several approaches. It uses a cointegration technique to estimate the long-run equilibrium house prices in Australia, New Zealand, and Canada and assesses the extent of a possible disequilibrium. It also presents an event analysis to shed some light on the link between house prices, capital inflows and the terms of trade. The econometric analysis suggests an overvaluation of 5-10 percent depending on the model specification. Event analysis indicates that terms of trade shocks were associated with larger increases in house prices in Australia, than in the case of strong capital inflow episodes.	IMF Working Paper
Export versus FDI in services, December 15, 2010 http://www.imf.org/external/pubs/ft/wp/2010/wp10290.pdf In the literature on exports and investment, most productive firms are seen to invest abroad. In the Helpman et al. (2004) model, costs of transportation play a critical role in the decision about whether to serve foreign customers by exporting, or by producing abroad. We consider the case of tradable services, where the marginal cost of transport is near zero. We argue that in the purchase of services, buyers face uncertainty about product quality, especially when production is located far away. Firm optimisation then leads less productive firms to self-select themselves for FDI. We test this prediction with data from the Indian software industry and find support for it.	IMF Working Paper
Income Uncertainty and Household Savings in China, December 13, 2010 http://www.imf.org/external/pubs/ft/wp/2010/wp10288.pdf China's household saving rate has increased markedly since the mid-1990s and the age-savings profile has become U-shaped. We find that rising income uncertainty and pension reforms help explain both of these phenomena. Using a panel of Chinese households covering	IMF Working Paper

the period 1989-2006, we document that strong average income growth has been accompanied by a substantial increase in income uncertainty. Interestingly, the permanent variance of household income remains stable while it is the transitory variance that rises sharply. A calibration of a buffer-stock savings model indicates that rising savings rates among younger households are consistent with rising income uncertainty and higher saving rates among older households are consistent with a decline in the pension replacement ratio for those retiring after 1997. We conclude that rising income uncertainty and pension reforms can account for over half of the increase in the urban household savings rate in China since the mid-1990s as well as the U-shaped age-profile of savings.	
Workers' Remittances and the Equilibrium Real Exchange Rate: Theory and Evidence, December 10, 2010 http://www.imf.org/external/pubs/ft/wp/2010/wp10287.pdf This paper investigates the impact of workers' remittances on equilibrium real exchange rates (ERER) in recipient economies. Using a small open economy model, it shows that standard "Dutch Disease" results of appreciation are substantially weakened or even overturned depending on: degree of openness; factor mobility between domestic sectors; counter cyclicality of remittances; the share of consumption in tradables; and the sensitivity of a country's risk premium to remittance flows. Panel cointegration techniques on a large set of countries provide support for these analytical results, and show that ERER appreciation in response to sustained remittance flows tends to be quantitatively small.	IMF Working Paper
Estimating Potential Output with a Multivariate Filter, December 9, 2010 http://www.imf.org/external/pubs/ft/wp/2010/wp10285.pdf This paper develops a simple model for measuring potential output that uses data on inflation, unemployment, and capacity utilization. We apply the model to 10 countries, in addition to the United States and the euro area. While there is a substantial amount of uncertainty around our estimates, we find that the financial crisis has resulted in a reduction in potential output.	IMF Working Paper
Transforming China: Insights from the Japanese Experience of the 1980s, December 9, 2010 http://www.imf.org/external/pubs/ft/wp/2010/wp10284.pdf China is poised on the brink of a transition to a service-based economy. The Japanese experience of the 1980s provides several insights about the way to manage such a transition and the downsides to avoid. In particular Japan offers useful insights on (1) the limits to an export-oriented growth strategy; (2) the role of exchange rate, macroeconomic policies, and structural reforms in rebalancing the economy toward the nontradables sector; and (3) the risks associated with financial liberalization. The similarities between the Chinese economy today and the Japanese economy of the 1980s make these insights relevant for China. However, with the benefit of analyzing the Japanese experience and, given the important differences between the two economies, China should be able to successfully rebalance its growth pattern while avoiding the downsides encountered by Japan.	IMF Working Paper
Finance & Development - December 2010 http://www.imf.org/external/pubs/ft/fandd/2010/12/index.htm • Emerging Markets Come of Age • Gauging China's Influence • Stimulus Worked • Getting Debt under Control • The Tragedy of Unemployment • Leveraging Inequality • Faces of the Crisis Revisited • Bad News Spreads • Risky Business • Trusting the Government • Articles on Islamic Banking	IMF Publication

International Financial Integration and the External Positions of Euro Area Countries, 13-Dec-2010 http://www.oecd.org/dataoecd/15/61/46683649.pdf This paper describes the dynamics of the external positions of euro area countries since the formation of EMU. While external imbalances have been the main focus in recent times, current account balances can only be properly interpreted in the context of understanding the overall international balance sheet and the dynamics of the net foreign asset. The creation of the euro represented a fundamental financial shock, whose effects then coincided with a reshaping of the international financial system through important financial innovations and the credit boom and securitization boom that followed. The paper builds a profile of the international balance sheets of euro area countries in order to understand the sources and implications of shifts in net positions over the last decade. It is also considers the gross scale of cross-border holdings. To understand the international risk distribution, the overall position is broken down between equity and debt components. The international currency exposures embedded in the international balance sheets are described. In relation to net flows and net positions, the paper tracks the distribution and persistence of current account balances and net foreign asset positions across the member countries. Furthermore, we document that other factors (such as valuation effects) have been important in the dynamics of the net foreign asset positions, in addition to the contribution made by the cumulative current account position.	OECD Working Paper
Resolving and avoiding unsustainable imbalances in the euro area, 13-Dec-2010 http://www.oecd.org/dataoecd/38/45/46672943.pdf Some euro area countries accumulated large and persistent external imbalances during the upswing, revealing important weaknesses in the macroeconomic management of the monetary union. Greece, Ireland, Portugal and Spain ran large current account deficits by historical standards, while Finland, Germany and the Netherlands had substantial surpluses. Some of these deficits and surpluses were larger than appear justified by economic fundamentals. The massive debt accumulation made deficit economies vulnerable to shocks, complicated their recovery from the world financial crisis, and has challenged the stability of the euro area. In some countries, fiscal policy in the past decade failed to counter and sometimes aggravated these pressures. External imbalances were driven by underlying domestic economic, financial and sometimes fiscal imbalances. These were the result of a combination of a wide range of country-specific shocks and insufficient macroeconomic and financial stabilisation. Movements in real interest rates in some countries contributed to diverging borrowing and saving patterns, which fuelled credit booms and a weakening of competitiveness in some deficit countries. Weaknesses in financial regulation and over-optimistic growth expectations encouraged excessive risk-taking in both deficit and surplus countries. Harmful imbalances can be characterised by a misallocation of resources and increased vulnerability. When the financial crisis hit, some deficit countries faced the combined problems of a sharp contraction in private demand, an impaired financial system and weak public finances. Unwinding large imbalances, in both deficit and surplus countries, will be a prolonged and difficult process. A new and cross-cutting approach to economic and financial management in the euro area is required to ensure balanced development in the future. While the shocks that led to this build-up of imbalances may not recur, similar pressures are likely to arise within the monetary union in the future. Macroeconomic, financial and fiscal management should be strengthened in an integrated way, alongside structural reforms. This should aim to achieve the differentiation necessary to improve stabilisation of national economies, while ensuring that the euro area as a whole is protected from unsustainable developments in individual countries. Important legislative changes are underway at EU level to improve the surveillance of imbalances and to help ensure that the necessary corrective action is undertaken where risks emerge.	OECD Working Paper
Current account imbalances in the euro area: a comparative perspective, 13-Dec-2010 http://www.oecd.org/dataoecd/38/46/46672911.pdf This paper considers the increase in current account imbalances in euro area countries since the early 1990s. While the euro area as a whole has remained relatively close to external	OECD Working Paper

balance, the current account balances of individual countries have diverged: Spain, Greece and Portugal ran large current account deficits by historical norms for industrial economies, while Germany and the Netherlands ran large surpluses. These imbalances are larger and more sustained than those observed in recent decades. While there has been extensive discussion of the US and Chinese external positions in the context of the debate on global imbalances, more attention has been given to the developments in the euro area only in the wake of the recent sovereign debt crisis. This paper uses a period-average model estimated on data for OECD countries since the late 1960s to investigate the determinants of current account imbalances. Fundamental economic factors are found to play an important role, in line with earlier studies, but do not fully explain the extent of imbalances over the past decade. The strength of housing investment appears to capture important effects over this period.	
Economic survey of the Euro Area, 13-Dec-2010 **Overview of the Economic Survey of Euro Area** http://www.oecd.org/dataoecd/53/62/46642479.pdf Related press release: http://www.oecd.org/document/12/0,3746,en_2649_37443_46600972_1_1_1_37443,00.html	OECD Publication + Press Release
After the crisis: mitigating risks of macroeconomic instability in Turkey, 09-Dec-2010 http://www.oecd-ilibrary.org/after-the-crisis_5km36j745fbt.pdf?contentType=/ns/WorkingPaper&itemId=/content/workingpaper/5km36j745fbt-en&containerItemId=/content/workingpaperseries/18151973&accessItemIds=&mimeType=application/pdf Turkey is recovering from a severe recession. Once growth gains full speed, the authorities will likely face the challenge of widening external imbalances and of ensuring a smooth functioning of the financial markets. The former will require improving competitiveness, raising domestic saving, attracting more FDI inflows and reducing energy import dependency. Improvements in many of these areas will depend on structural reforms in the labour and product markets. Financial market stability calls for adopting international standards of prudential regulations and reacting pre-emptively to new developments in the financial markets. Mitigating risks of macroeconomic instability will be crucial for embarking on a stable and strong growth path to generate sustainable convergence with the OECD average income level.	OECD Working Paper
The 2008-09 crisis in Turkey: performance, policy responses and challenges for sustaining the recovery, 09-Dec-2010 http://www.oecd-ilibrary.org/the-2008-09-crisis-in-turkey_5km36j7d320s.pdf?contentType=/ns/WorkingPaper&itemId=/content/workingpaper/5km36j7d320s-en&containerItemId=/content/workingpaperseries/18151973&accessItemIds=&mimeType=application/pdf Turkey is recovering from its most severe recession in several decades. The massive contraction in GDP is largely explained by the unprecedented collapse in foreign demand, which was aggravated in Turkey by negative confidence effects and structural problems with competitiveness prior to the crisis. In contrast to previous recessions, Turkey could afford counter-cyclical polices and the financial markets proved resilient. During the crisis, the authorities cut interest rates significantly and promptly and implemented fiscal stimulus. This truly novel experience was possible thanks to a better macroeconomic position, a sounder monetary and fiscal policy framework, and better financial market regulations. The immediate policy challenge is to gradually remove policy stimulus and address medium-term stability considerations in a way that does not jeopardise the recovery.	OECD Publication + Press Release

5. STATISZTIKA

Euro area securities issues statistics, 10/12/2010 http://www.ecb.int/press/pdf/sis/si1010.pdf	ECB Press Release
First estimate for the third quarter of 2010 Euro area and EU27 employment stable - 0.2% in both zones compared with the third quarter of 2009, 15/12/2010 http://europa.eu/rapid/pressReleasesAction.do?reference=STAT/10/194&format=HTML&aged=0&language=EN&guiLanguage=en	EU Press Release
October 2010 compared with September 2010 Industrial prod/uction up by 0.7% in euro area Up by 0.3% in EU27, 14/12/2010 http://europa.eu/rapid/pressReleasesAction.do?reference=STAT/10/192&format=HTML&aged=0&language=EN&guiLanguage=en	EU Press Release
First estimate for the third quarter of 2010: EU27 current account deficit 25.5 bn euro; 15.1 bn euro surplus on trade in services, 10/12/2010 http://europa.eu/rapid/pressReleasesAction.do?reference=STAT/10/188&format=HTML&aged=0&language=EN&guiLanguage=en	EU Press Release
Statistics Pocket Book, December 2010, 09/12/2010 http://www.ecb.int/pub/pdf/stapobo/spb201012en.pdf	ECB Publication