LIMITED ACCESS EXCHANGE RATE ANALYSIS IN SUPPORT OF IMF SURVEILLANCE A COLLECTION OF EMPIRICAL STUDIES

Exchange Rate Analysis in Support of IMF Surveillance

Exchange rate analysis lies at the center of the IMF's surveillance mandate and policy advice, as well as in the design of IMF-supported programs, and IMF staff are called upon to analyze a wide variety of exchange rate issues in various member countries, both small and large, from the least economically developed to the most advanced, and from those whose currencies circulate only locally to those whose currencies are of global importance. Each year, IMF staff produce dozens of studies on exchange rate issues, some published by the IMF, others in various professional journals or books. This book aims to give a flavor of the topics the IMF staff typically examine under the broad rubric of exchange rate analysis, encompassing several topics: determination and impact of the real exchange rate, assessing competitiveness and the equilibrium real exchange rate in specific countries or country groups, and considerations in the choice of exchange rate regime.

Literature Review on Exchange Rate Modeling

This is a literature review on exchange rate modeling. This is taken from my doctoral dissertation (My copyright registration number: TX 8-435-669). This may be helpful if you're seeking information on exchange rate, interest rates, gross domestic product, inflation, and money supply. It may also be helpful in understanding the origins of the sticky-price monetary model.

Historical Dictionary of the International Monetary Fund

In its more than 65 years of existence, the International Monetary Fund has evolved from a small, obscure international agency, with new and uncertain responsibilities, into a powerful institution that today has assumed center stage in the international monetary system. It is a remarkable story of how an institution has developed and adapted itself to an evolving world and a changing membership in ways that perhaps no other international agency has been forced or able to do. The third edition of the Historical Dictionary of the International Monetary Fund provides a comprehensive overview of the fund, including a chronology, an introductory essay, appendixes, a bibliography, and over 300 cross-referenced dictionary entries on the organizations, significant leaders, founders, and members. This book is an excellent access point for students, researchers, and anyone wanting to know more about the International Monetary Fund.

The External Balance Assessment (EBA) Methodology

The External Balance Assessment (EBA) methodology has been developed by the IMF’s Research Department as a successor to the CGER methodology for assessing current accounts and exchange rates in a multilaterally consistent manner. Compared to other approaches, EBA emphasizes distinguishing between the positive empirical analysis and the normative assessment of current accounts and exchange rates, and highlights the roles of policies and policy distortions. This paper provides a comprehensive description and discussion of the 2013 version (“2.0”) of the EBA methodology, including areas for its further development.

Evolution and Performance of Exchange Rate Regimes

Using recent advances in the classification of exchange rate regimes, this paper finds no support for the popular bipolar view that countries will tend over time to move to the polar extremes of free float or rigid peg. Rather, intermediate regimes have shown remarkable durability. The analysis suggests that as economies mature, the value of exchange rate flexibility rises. For countries at a relatively early stage of financial development and integration, fixed or relatively rigid regimes appear to offer some anti-inflation credibility gain without compromising growth objectives. As countries develop economically and institutionally, there appear to be considerable benefits to more flexible regimes. For developed countries that are not in a currency union, relatively flexible exchange rate regimes appear to offer higher growth without any cost in credibility.

Macroprudential Indicators of Financial System Soundness

Following the severe financial crises of the 1990s, identifying and assessing financial sector vulnerabilities has become a key priority of the international community. The costly disruptions in global markets underscored the need to establish a set of monitorable variables for evaluating strengths and weaknesses in financial institutions and to alert authorities of impending problems. These variables, indicators, of financial system health and stability known collectively as macroprudential indicators, are the subject of this Occasional Paper by the Monetary and Exchange Affairs Department and the Statistics Department. Macroprudential indicators take measures at both the level of aggregated financial institutions and at the macroeconomic level; financial crises often occur when weaknesses are identified in both. The authors provide a breakdown and explanations of these indicators and a review of the theoretical and empirical work done thus far. Work at other international and multilateral institutions is included as well as the experiences of several national central banks and supervisory agencies. This paper provides a valuable reference source of current knowledge about macroprudential indicators and issues related to their analysis, identification, measurement, and possible dissemination.

Consumer Price Index Manual, 2020

The Consumer Price Index Manual: Concepts and Methods contains comprehensive information and explanations on compiling a consumer price index (CPI). The Manual provides an overview of the methods and practices national statistical offices (NSOs) should consider when making decisions on how to deal with the various problems in the compilation of a CPI. The chapters cover many topics. They elaborate on the different practices currently in use, propose alternatives whenever possible, and discuss the advantages and disadvantages of each alternative. The primary purpose of the Manual is to assist countries in producing CPIs that reflect internationally recommended methods and practices.

2008 Triennial Surveillance Review - Background Information and Statistical Appendix

Country surveillance constitutes an essential part of the IMF's mandate to oversee the international monetary system and to monitor the economic and financial policies of its 185 member countries. The IMF's Executive Board conducts regularly scheduled reviews of country surveillance (the Triennial Surveillance Review) to consider ways to improve its effectiveness. The 2008 review is the first such review since the Executive Board approved, in June 2007, a new Decision on Bilateral Surveillance. This Decision affirms that the focus of bilateral surveillance is on those policies of members that can significantly influence present or prospective external stability. The review focused on the implementation of country surveillance in the recent past, as presented in the following set of papers: • The overview paper presents the main findings and priority areas for further work. The review finds that stakeholders hold the quality of IMF surveillance in high regard, but that improvements should focus on risk assessment, integration of macroeconomic and financial sector surveillance, multilateral perspectives (cross-border spillovers and cross-country analysis), and exchange rate assessments. The priority areas identified in the review served as key background for the preparation of the IMF's Statement of Surveillance Priorities (SSP). • The Thematic Findings (Supplement 1) provides supporting analysis on the implementation of bilateral surveillance in the recent past and, particularly, on the appropriateness of its focus and its analytical value added in particular areas, including the overall "health check", exchange rates, financial sector issues, cross-country analysis and cross-border spillover analysis (including a case study of surveillance in the run up to the subprime crisis), the degree of candor and evenhandedness in surveillance, and the effectiveness of its communication. • The Background Information paper (Supplement 2) provides further information, including a description of review methodologies, and results including interview findings, surveys of various audiences, and supporting data on the quality of consultation documents. • The External Consultant's Report provides an independent view of IMF surveillance in Europe.

Evolving Monetary Policy Frameworks in Low-Income and Other Developing Countries

Over the past two decades, many low- and lower-middle income countries (LLMICs) have improved control over fiscal policy, liberalized and deepened financial markets, and stabilized inflation at moderate levels. Monetary policy frameworks that have helped achieve these ends are being challenged by continued financial development and increased exposure to global capital markets. Many policymakers aspire to move beyond the basics of stability to implement monetary policy frameworks that better anchor inflation and promote macroeconomic stability and growth. Many of these LLMICs are thus considering and implementing improvements to their monetary policy frameworks. The recent successes of some LLMICs and the experiences of emerging and advanced economies, both early in their policy modernization process and following the global financial crisis, are valuable in identifying desirable features of such frameworks. This paper draws on those lessons to provide guidance on key elements of effective monetary policy frameworks for LLMICs.

2018 Interim Surveillance Review

\"Fund surveillance has become better adapted to the global conjuncture, and more integrated and risk-based. The recommendations of the 2014 Triennial Surveillance Review (TSR) focused on helping members navigate the post crisis challenges. Bilateral and multilateral surveillance discussions are underpinned by a shared and deeper understanding of global interconnectedness and linkages across sectors. There has also been progress in core areas such as risk work, fiscal and external sector analysis, and in integration of macrofinancial analysis and of macrostructural policy work that aims to reinvigorate productivity and growth, and promote inclusiveness. The ongoing efforts to align surveillance inputs with risks is also enhancing the Fund's ability to support members more effectively. Continuing efforts along several dimensions will be needed to further advance surveillance ahead of the 2019 Comprehensive Surveillance Review (CSR). These include planned refinements to external sector assessments, sustaining progress on macrofinancial surveillance, addressing data gaps, and incorporating lessons from pilot efforts including on macrofinancial, macrostructural and emerging issues. Efforts to meet surveillance challenges in low income countries also will continue. Outward spillover work, particularly from the largest economies, should receive greater prominence in Article IV reports. Further work is also needed to make policy advice more persuasive by better leveraging cross-country policy experiences and integrating technical assistance. Lessons from implementing the TSR recommendations should help ensure further progress. A major investment has been made to deepen the analysis that supports surveillance. With a dramatic increase in the range of analytical approaches and tools available, selectivity and tailoring are ever more crucial. The Fund's internal processes have proven flexible enough to deliver on key areas, but will require continual adaptation to keep pace with evolving challenges. Strategies for human resources, capacity development, knowledge management, and data and statistics should further reinforce surveillance priorities. Looking ahead, the 2019 CSR will further anchor the Fund's surveillance in a world of rapid technological change. The increased pace of technological progress could have far-reaching implications for the global economy, finance, and policy making, possibly fundamentally altering the surveillance landscape. Coupled with rising inequality and possible adoption of inward-looking policies, the impact on the membership could be profound. Engagement with members, stakeholders, and experts will be central in determining how the 2019 CSR will address these challenges.\"

Program Design in Currency Unions

\"Despite a long history of program engagement, the Fund has not developed guidance on program design in members of currency unions. The Fund has engaged with members of the four currency unions—the Central African Economic and Monetary Community, the Eastern Caribbean Currency Union, the European Monetary Union, and the West African Economic and Monetary Union—under Fund-supported programs. In some cases, union-wide institutions supported their members in undertaking adjustment under Fund-supported programs. As such, several programs incorporated—on an ad hoc basis—critical policy actions that union members had delegated. Providing general guidance on program design for members in a currency union context would fill a gap in Fund policy and help ensure consistent, transparent, and evenhanded treatment across Fund-supported programs. This paper considers two options on when and how the Fund should seek policy assurances from union-level institutions in programs of currency union members. Option 1 would involve amending the Conditionality Guidelines, which would allow the use of standard conditionality tools with respect to actions by union-level institutions. Option 2—which staff prefers—proposes formalizing current practices and providing general guidance regarding principles and modalities on policy assurances from union-level institutions in support of members' adjustment programs. Neither option would infringe upon the independence (or legally-provided autonomy) of union-level institutions, since the institutions would decide what measures or policy actions to take—just as any independent central bank or monetary authority does, for example, in non-CU members.\"

Consumer Price Index Manual

The consumer price index (CPI) measures the rate at which prices of consumer goods and services change over time. It is used as a key indicator of economic performance, as well as in the setting of monetary and socio-economic policy such as indexation of wages and social security benefits, purchasing power parities and inflation measures. This manual contains methodological guidelines for statistical offices and other agencies responsible for constructing and calculating CPIs, and also examines underlying economic and statistical concepts involved. Topics covered include: expenditure weights, sampling, price collection, quality adjustment, sampling, price indices calculations, errors and bias, organisation and management, dissemination, index number theory, durables and user costs.

The Level REER model in the External Balance Assessment (EBA) Methodology

This paper offers an empirical model of the drivers of the level of the Real Effective Exchange Rate (REER) that is now part of the IMF's methodology for the assessment of external positions, including exchange rates. It constructs a measure of the level of the REER and it offers a panel regression that considers a large number of cross-sectional and time varying factors, guided by the extensive literature. Its main contribution is to enhance our understanding of the cross-sectional determinants of the level of the REER, while taking into account the time-series drivers. The framework accounts for the much larger cross-sectional variation of the level REER, and can better explain the time series variation of level REER when these are based on GDP-deflators rather than on consumer price indices. The latter suggest there may be merits to broadening the assessments to include such measures, although further analysis is required.

The Stationery Office Agency Catalogue

Policymakers often face difficult tradeoffs in pursuing domestic and external stabilization objectives. The paper reflects staff's work to advance the understanding of the policy options and tradeoffs available to policymakers in a systematic and analytical way. The paper recognizes that the optimal path of the IPF tools depends on structural characteristics and fiscal policies. The operational implications of IPF findings require careful consideration. Developing safeguards to minimize the risk of inappropriate use of IPF policies will be essential. Staff remains guided by the Fund's Institutional View (IV) on the Liberalization and Management of Capital Flows.

Toward an Integrated Policy Framework

The audited consolidated financial statements of the International Monetary Fund as of April 30, 2019 and 2018

International Monetary Fund Annual Report 2019 Financial Statements

Capital account liberalization - orderly, properly sequence, and befitting the individual circumstances of countries- is an inevitable step for all countries wishing to realize the benefits of the globalized economy. This paper reviews the theories behind capital account liberalization and examines the dangers associated with free capital flows. The authors conclude that the dangers can be limited through a combination of sound macroeconomic and prudential policies.

Capital Account Liberalization

Commentary prepared by Joseph E. Stiglitz, University Professor, Columbia University: Surveillance has widely been viewed as a key instrument by which the IMF ensures member states adhere to the kinds of policies which promote global economic stability and through which the global macroeconomic coordination necessary for economic stability is achieved. Indeed, as Ocampo (2011) notes, \"...the first objective of this institution is to provide 'the machinery for consultation and collaboration on international monetary problems.'\" But there is also widespread agreement that there are major shortfalls in the achievement of these lofty objectives. Part of the problem has been in the view that countries—particularly those not borrowing from the fund—lack incentives to comply with the advice that would achieve such stability. Since those countries include virtually all of the systemically significant countries, if surveillance has an impact on global stability (as opposed to the well-being of particular countries) it is only the result of (i) a process of consensus building in which actions which they might previously have thought to not be in their interest were in fact in their national interest; or (ii) enough small countries, each of which is systemically insignificant, are affected in a meaningful enough way so as to have systemically significant effects.

2011 Triennial Surveillance Review - External Commentary - A Short Note on Surveillance and How Reforms in Surveillance Can Help the IMF to Promote Global Financial Stability

This book provides a comprehensive overview of the financial integration of emerging economies through an in-depth analysis of the international monetary system, how it impacts capital flows and exchange rates, and its implications for policy making. The financial integration of emerging economies has been a remarkable development of the past two decades. The growth of cross-border transactions and asset ownership, not least through the accumulation of foreign exchange reserves, has put many of these countries in a more prominent, if still peripheral, position within the global financial system. This has not been a smooth process, as integration has been marked by cyclical waves of capital flows, with financial and currency instability often accompanying the acute phases of these cycles. While conventional economic theory traditionally sees financial integration as a positive development, Post-Keynesian economists, working in the tradition of Keynes, Minsky and Kalecki, have long taken a more sceptical viewpoint. By centring the analysis of financial dynamics on concepts as liquidity, uncertainty, balance-sheet structures and institutions, Post-Keynesian theory highlights the intrinsic character of shocks imposed by financial integration upon emerging economies, and their implications for economic growth and distribution. This book demonstrates that these analyses can be fruitfully used to gain a better understanding of financial (in)stability and economic development in emerging economies as they integrate into the global financial system. This work provides key reading for students and scholars of economics, political economy and finance that are interested in the financial integration of emerging economies, and how the heterodox tradition of Post-Keynesian economics contributes to its analysis.

Emerging Economies and the Global Financial System

The entries in the Dictionary describe the economic and financial concepts employed by the Fund, its operational policies and facilities, its departmental structure and staffing, and its decision making authority, including the system of weighted voting by member countries. This volume fully updates and expands the 1993 edition, while maintaining the author's commitment to thoroughness and accuracy.

Historical Dictionary of the International Monetary Fund

This pamphlet is adapted from Chapter 1 of Silent Revolution: The International Monetary Fund, 1979-89, by the same author. That book is full of history of the evolution of the Fund during 11 years in which the institution truly came of age as a participant in the international financial system.

Debating China's Exchange Rate Policy

This report presents a set of concrete proposals of increasing ambition for the reform of the international monetary system. The proposals aim at improving the international provision of liquidity in order to limit the effects of individual and systemic crises and decrease their frequency. The recommendations outlined in this report include: / Develop alternatives to US Treasuries as the dominant reserve asset, including the issuance of mutually guaranteed European bonds and (in the more distant future) the development of a yuan bond market. / Make permanent the temporary swap agreements that were put in place between central banks during the crisis. Establish a starshaped structure of swap lines centred on the IMF. / Strengthen and expand existing IMF liquidity facilities. On the funding side, expand the IMF's existing financing mechanisms and allow the IMF to borrow directly on the markets. / Establish a foreign exchange reserve pooling mechanism with the IMF, providing participating countries with access to additional liquidity and, incidentally, allowing reserves to be recycled into productive investments.To limit moral hazard, the report proposes the setting up of specific surveillance indicators to monitor international funding risks associated with increased insurance provision. The report discusses the role of the special drawing rights (SDRs) and the prospects for turning this unit of account into a true international currency, arguing that it would not solve the fundamental problems of the international monetary system. The report also reviews the conditions under which emerging market economies may use temporary capital controls to counteract excessive and volatile capital flows. The potential for negative externalities requires mutual monitoring and international cooperation in terms of financial regulation and suggests that the mandate of the IMF should be extended to the financial account.

The IMF and the Silent Revolution

In 2001- 02, Argentina experienced one of the worst economic crises in its history. A default on government debt, which occurred against the backdrop of a prolonged recession, sent the Argentine currency and economy into a tailspin. Although the economy has since recovered from the worst, the crisis has imposed hardships on the people of Argentina, and the road back to sustained growth and stability is long. The crisis was all the more troubling in light of the fact that Argentina was widely considered a model reformer and was engaged in a succession of IMF-supported programs through much of the 1990s. This Occasional Paper examines the origins of the crisis and its evolution up to early 2002 and draws general policy lessons, both for countries’ efforts to prevent crises and for the IMF’s surveillance and use of its financial resources.

Reforming the International Monetary System

The study cautiously identifies exchange rate misalignment as an important element in most of the exchange rate crises that plagued the developing world during the last decade. Given that the increasing integration of world capital markets, has escalated the costs of such crises, a broad consensus emerged in recent years, that the overriding objective of exchange rate policy in developing countries, should be to avoid episodes of prolonged, and substantial misalignment, i.e., situations in which the actual real exchange rate differs significantly from its long-run equilibrium value. It was the Bank's involvement in one such misalignment episode, that eventually led to this book. Following an overview on the concepts and measurement of exchange rate misalignment, its impact on the purchasing power parity, and the relationship between the external real exchange rate (RER), and the two-good internal RER for tradables non-tradables, the study presents methodologies - empirical applications - for estimating the RER equilibrium. The study reaches an optimistic conclusion - that enough is known to identify cases of misalignment, and be able to sound clear warning signals. The implication for exchange rate policy is that ignorance about the empirical value of the equilibrium exchange rate, cannot be used to clinch arguments for extreme exchange arrangements, such as clean floats, currency boards, and \"dollarization.\"

Lessons from the Crisis in Argentina

The global economy has experienced four waves of rapid debt accumulation over the past 50 years. The first three debt waves ended with financial crises in many emerging market and developing economies. During the current wave, which started in 2010, the increase in debt in these economies has already been larger, faster, and broader-based than in the previous three waves. Current low interest rates mitigate some of the risks associated with high debt. However, emerging market and developing economies are also confronted by weak growth prospects, mounting vulnerabilities, and elevated global risks. A menu of policy options is available to reduce the likelihood that the current debt wave will end in crisis and, if crises do take place, will alleviate their impact.

Exchange Rate Misalignment

This evaluation report assesses research produced at the IMF between 1999 and 2008, focusing on the relevance and utilization of research to member country authorities, IMF staff, and other stakeholders. The report also examines the technical quality and management of research and offers recommendations for enhancing the relevance of research, improving the technical quality of analytical work, promoting openness to alternative perspectives, and improving the management of research.

Global Waves of Debt

The growth-at-risk (GaR) framework links current macrofinancial conditions to the distribution of future growth. Its main strength is its ability to assess the entire distribution of future GDP growth (in contrast to point forecasts), quantify macrofinancial risks in terms of growth, and monitor the evolution of risks to economic activity over time. By using GaR analysis, policymakers can quantify the likelihood of risk scenarios, which would serve as a basis for preemptive action. This paper offers practical guidance on how to conduct GaR analysis and draws lessons from country case studies. It also discusses an Excel-based GaR tool developed to support the IMF’s bilateral surveillance efforts.

Research at the IMF

This book collects selected articles addressing several currently debated issues in the field of international macroeconomics. They focus on the role of the central banks in the debate on how to come to terms with the long-term decline in productivity growth, insufficient aggregate demand, high economic uncertainty and growing inequalities following the global financial crisis. Central banks are of considerable importance in this debate since understanding the sluggishness of the recovery process as well as its implications for the natural interest rate are key to assessing output gaps and the monetary policy stance. The authors argue that a more dynamic domestic and external aggregate demand helps to raise the inflation rate, easing the constraint deriving from the zero lower bound and allowing monetary policy to depart from its current ultra-accommodative position. Beyond macroeconomic factors, the book also discusses a supportive financial environment as a precondition for the rebound of global economic activity, stressing that understanding capital flows is a prerequisite for economic-policy decisions.

Growth at Risk: Concept and Application in IMF Country Surveillance

The twenty-one contributions in this book assess the controversy surrounding the Fund and provide judgments about the criteria for Fund lending which should help readers understand and analyze both its ongoing role in smoothing adjustment to international payments imbalances and its currently critical position in responding to the debt crisis.

International Macroeconomics in the Wake of the Global Financial Crisis

Financial Soundness Indicators (FSIs) are measures that indicate the current financial health and soundness of a country's financial institutions, and their corporate and household counterparts. FSIs include both aggregated individual institution data and indicators that are representative of the markets in which the financial institutions operate. FSIs are calculated and disseminated for the purpose of supporting macroprudential analysis--the assessment and surveillance of the strengths and vulnerabilities of financial systems--with a view to strengthening financial stability and limiting the likelihood of financial crises. Financial Soundness Indicators: Compilation Guide is intended to give guidance on the concepts, sources, and compilation and dissemination techniques underlying FSIs; to encourage the use and cross-country comparison of these data; and, thereby, to support national and international surveillance of financial systems.

IMF Conditionality

An empirical study of exchange rate regimes based on data compiled from 150 member countries of the International Monetary Fund over the past thirty years. Few topics in international economics are as controversial as the choice of an exchange rate regime. Since the breakdown of the Bretton Woods system in the early 1970s, countries have adopted a wide variety of regimes, ranging from pure floats at one extreme to currency boards and dollarization at the other. While a vast theoretical literature explores the choice and consequences of exchange rate regimes, the abundance of possible effects makes it difficult to establish clear relationships between regimes and common macroeconomic policy targets such as inflation and growth. This book takes a systematic look at the evidence on macroeconomic performance under alternative exchange rate regimes, drawing on the experience of some 150 member countries of the International Monetary Fund over the past thirty years. Among other questions, it asks whether pegging the exchange rate leads to lower inflation, whether floating exchange rates are associated with faster output growth, and whether pegged regimes are particularly prone to currency and other crises. The book draws on history and theory to delineate the debate and on standard statistical methods to assess the empirical evidence, and includes a CD-ROM containing the data set used.

Financial Soundness Indicators

This paper provides a dataset on the currency composition of the international investment position for a group of 50 countries for the period 1990-2017. It improves available data based on estimates by incorporating actual data reported by statistical authorities and refining estimation methods. The paper illustrates current and new uses of these data, with particular focus on the evolution of currency exposures of cross-border positions.

Exchange Rate Regimes

This paper provides new evidence of the macroeconomic effects of public investment in advanced economies. Using public investment forecast errors to identify the causal effect of government investment in a sample of 17 OECD economies since 1985 and model simulations, the paper finds that increased public investment raises output, both in the short term and in the long term, crowds in private investment, and reduces unemployment. Several factors shape the macroeconomic effects of public investment. When there is economic slack and monetary accommodation, demand effects are stronger, and the public-debt-to-GDP ratio may actually decline. Public investment is also more effective in boosting output in countries with higher public investment efficiency and when it is financed by issuing debt.

Cross-Border Currency Exposures

Managing Capital Flows provides analyses that can help policymakers develop a framework for managing capital flows that is consistent with prudent macroeconomic and financial sector stability. While capital inflows can provide emerging market economies with invaluable benefits in pursuing economic development and growth, they can also pose serious policy challenges for macroeconomic management and financial sector supervision. The expert contributors cover a wide range of issues related to managing capital flows and analyze the experience of emerging Asian economies in dealing with surges in capital inflows. They also discuss possible policy measures to manage capital flows while remaining consistent with the goals of macroeconomic and financial sector stability. Building on this analysis, the book presents options for workable national policies and regional policy cooperation, particularly in exchange rate management. Containing chapters that bring in international experiences relevant to Asia and other emerging market economies, this insightful book will appeal to policymakers in governments and financial institutions, as well as public and private finance experts. It will also be of great interest to advanced students and academic researchers in finance.

The Macroeconomic Effects of Public Investment

The paper reviews recent theoretical and empirical developments in the analysis of informal currency markets in developing countries. The basic characteristics of these markets are highlighted, and alternative analytical models to explain them are discussed. The implications for exchange rate policy —including imposition of foreign exchange restrictions, devaluation, and unification of exchange markets— in countries with a sizable parallel market are also examined.

Managing Capital Flows

The Research Handbook on Trade Wars presents an informative and in-depth account of the origins, dynamics, and implications of trade wars, which are growing both in scale and scope in today’s increasingly interdependent global economy. Providing the frameworks necessary for understanding the political and economic logics of trade wars, this Handbook will be a valuable source of reference for researchers, government officials, businesses, and post-graduate students interested in international political economy, international economics, economic statecraft, public policy, and international relations.

Parallel Currency Markets in Developing Countries

Annotation Provides an analysis of the global monetary system and proposes a comprehensive yet evolutionary reform of the system aimed at creating better monetary cooperation for the twenty-first century.

Research Handbook on Trade Wars

The first part of the book examines the evolution of monetary policy and prudential frameworks of the ASEAN5, with particular focus on changes since the Asian financial crisis and the more recent period of unconventional monetary policy in advanced economies. The second part of the book looks at policy responses to global financial spillovers. The third and last part of the book elaborates on the challenges ahead for monetary policy, financial stability frameworks, and the deepening of financial markets.

Resetting the International Monetary (Non)System

This paper explains the IMF approach to economic stabilization. It argues that a Fund-supported program is a process, comprising six broadly defined phases, that evolves along a multiplicity of potential pathways. The paper discusses the three-pronged approach to stabilization at the core of all IMF-supported programs, stresses the iterative character of "financial programming," and explains the rationale for setting quantitative performance criteria for fiscal and monetary policy in IMF-supported arrangements. A main theme is that IMF-supported programs contain a great deal of flexibility to respond both to differences in circumstances and to changes in conditions in individual cases.

The ASEAN Way

The IMF Approach to Economic Stabilization