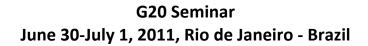


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# Monetary Policy and Macro-Prudential Regulation With High Level of Liquidity: New Policy Challenges for Macro and Financial Stability in Emerging Markets

Draft Program as of May 26<sup>th</sup> 2011 – Confirmed names with (\*)

Sponsored by: Reinventing Bretton Woods Committee, The Inter-American Development Bank (IADB) and The World Bank

June 30, Thursday

**Registration (14:30 – 15:00)** 

Opening (15:00 - 15:30) - Alexandre Tombini (\*) - Banco Central do Brasil

Session 1 (15:30 – 17:30) – How should monetary policy and prudential regulation be used in order to ensure macroeconomic and financial stability?

**Chair:** Jean-Pierre Landau (\*) – Banque de France

**Presenters (15' each):** Diego Rodriguez-Palenzuela (\*) – ECB Frederic S. Mishkin (\*) – Columbia University (former Federal Reserve Governor)

Discussants (7' each): John Murray – Bank of Canada Beny Parnes (\*) – BBM Joaquim Levy (\*) – Bradesco Asset Management Manuel Ramos Francia (\*) – Central Bank of Mexico

- Is it possible for policy-makers to ensure both price and financial stability? What are the policy instruments available to reduce the pro-cyclicality of the financial system while controlling inflation?
- What are the responses of the current modeling exercises of trade-offs between price and financial stability?
- What has the 2007-08 global financial crisis brought into this recurrent debate?

Discussion with G20 Deputies and participants (30'-40')



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Roundtable (17:30 – 18:30) – Do we know how to prevent financial bubbles, should we try and if so when and how?

## Moderator: TBD

Panelists (5-6' each): Claudio Borio (\*) – BIS Frederic S. Mishkin (\*) – Columbia University (former Federal Reserve Governor) Michael Dooley (\*) – UCSC

#### Discussion with G20 Deputies and participants (30-40')

Dinner (20:00 – 22:00) – Keynote Speaker: Alan Blinder (\*) – Princeton University

July 1st, Friday

#### Session 2 (09:00 – 10:50) – How should financial stability be defined and measured?

**Chair:** Joerg Asmussen (\*) – Federal Ministry of Finance – Germany

**Presenters (15'each):** Stijn Claessens – IMF Joshua Aizenman (\*) – UCSC

#### Discussants (7' each):

Jae Chun Kim – Bank of Korea Bernard Appy (\*) – BMF-BOVESPA Octavio de Barros (\*) – Bradesco Maria Helena Santana (\*) – CVM Carlos Kawall (\*) – Safra

- What are the various indicators that can define and/or be associated with financial stability and/or instability? (e.g., rapid credit growth beyond past historical trend; stock market developments; rapid asset price growth).
- What indicators should we observe and monitor closely given local market characteristics of financial stability?
- Should financial stability be an explicit objective or merely a concern for central banks?

Discussion with G20 Deputies and participants (30-40')

Coffee Break (10:50 - 11:10)

Session 3 (11:10 – 13:00) – Should we define new rules for central banks to react to financial instability?



G - 2 O BANCO CENTRAL DO BRASIL Chair: Mahmoud Mohieldin (\*) – World Bank Managing Director and G20 Deputy

**Presenters (15' each):** Pierre-Richard Agénor (\*) – University of Manchester Pier Carlo Padoan (\*) -- OECD Claudio Borio (\*) – BIS Leonardo Leiderman (\*) – Tel Aviv University

# Discussants (7' each):

Ignazio Visco – Banco D'Italia Ilan Goldfajn (\*) – Itaú-Unibanco Eduardo Loyo (\*) – BTG Pactual Samuel Pessoa (\*) – FGV/RJ

- Should we aim at designing a rule-based approach to combine monetary policy and prudential regulation?
- How can we best define credit growth gaps? Are they useful to assess financial stability?
- Should flexible inflation targeting (FIT) be adapted to take into account the role for financial conditions in the transmission mechanism?
- What has the 2008-09 global financial crisis brought into this recurrent debate?

#### Discussion with G20 Deputies and participants (30'-40')

Lunch (13:00 – 14:30) – Keynote speaker: Armínio Fraga (\*) – Gávea Investment

# Session 4 (14:45 - 16:45) – Emerging Markets (EMEs) experiences with the New Policy Challenges for Macro and Financial Stability in Emerging Markets

Chair: Benoît Coeuré – Ministry for the Economy, Industry and Employment – France

## Presenters (7' each):

Carlos Hamilton Vasconcelos (\*) – Central Bank of Brazil Karim El-Aynaoui (\*) – Central Bank of Morroco David Vergara (\*) – IMF Otaviano Canuto (\*) – World Bank Eduardo Fernandez-Arias (\*) – IADB Ramon Moreno (\*) – BIS Samir Assaf (\*) – HSBC

- How can EMEs address the problems posed by excessive credit growth and asset price bubbles? What can be the combination of policy instruments that is most efficient?
- Are these issues applicable only to advanced economies and EMEs and how can we address them in low income countries?
- What policy instruments have they been using and which are the most efficient ones?
- How do country differences—exchange rate regime, degree of international financial integration, institutional development—matter?





• Should it be combined with monetary policy, i.e., reside at the central bank? Or would it be better located at the micro-prudential supervisory agencies?

Discussion with G20 Deputies and participants (40-45') with lead speakers (5' each) Rakesh Mohan – Yale University (former Central Bank of India) Gang Yi – People's Bank of China Alexey Ulyukaev (\*) – Central Bank of Russia

Wrap-Up Session (16:50 – 18:10) – Can Credit Expansion Happen Without Periodic Financial Crises?

Moderator: Luiz Awazu Pereira da Silva (\*) – Central Bank of Brazil

Panelists (10' each): Alan Blinder (\*) – Princeton University Pierre-Richard Agénor (\*) – University of Manchester Murilo Portugal (\*) -- FEBRABAN

Closing Speech (18:10 – 18:40) – TBD

Cocktail (18:40)