

November 26 – 28, 2020

(Online course duration 10 hours)

Online Workshop on
Monetary Policy and
Liquidity Management:
Signals for Treasury and
Market Risk

Coordinators

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(Money, International Banking and Finance)



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Monetary Policy is an important function undertaken by central bank to influence the level and pace of economic activity of the country in coordination with fiscal policy. The effectiveness of Monetary policy in achieving the inflation and growth objectives depends on its success in transmitting the interest rate signals from short-term policy rates to long term interest rates in debt market and credit market. Commercial banks plays a crucial role in this process, both as a dominant participant in the Inter-bank market and acting as main counterparties of the central bank.

The economic stimulus package of the government in response to the Covid-19 pandemic, amounting to 10 per cent of the GDP and the steep fall in tax revenue due to lockdown, is leading to high fiscal deficit, market borrowing and public debt for both Centre and States. This situation warrants sound fiscal policy-monetary policy coordination in terms of low interest rates and ample market liquidity. Since, February 2020, RBI also undertook pre-emptive monetary and financial policy measures to stimulate the economy and directly address the stress in financial conditions caused by COVID-19, which included a 115bps policy rate cut, CRR cut and a colossal injection of potential market liquidity aggregating to about Rs.11.1 trillion. Financially markets have strongly recovered due to these timely policy responses, despite significant contraction in domestic and global economic activity.

In the current context, it becomes extremely important for treasury and risk managers to understand the monetary policy and liquidity measures of the central banks and assimilate its implications for the markets. Forward guidance provided by central banks in their policy statements and speeches contain crucial signals for future interest rates, exchange rates and liquidity, which is very useful for strategic dealing operations and investment operations. Similarly, these inputs are beneficial for more effective management of market risk in investment and trading books. This workshop focuses on RBI's recent monetary Policy measures and its signals for treasury and market risk.

Objective

- To discuss the Post-Covid monetary Policy and Liquidity responses of RBI and analyze its signals for Money, G-sec and Foreign Exchange market.
- To assess the Fiscal-Monetary Policy coordination, public debt management function, interest rate transmission and its implications for Treasury and market risk.

Content

- ❑ **Monetary Policy: Formulation**
 - ❖ Functioning of Monetary Policy Committee (MPC)
 - ❖ Economic and Financial Indicators used by MPC
 - ❖ Importance of Inflation and GDP forecasts; Risks to forecasts
 - ❖ Forward Guidance on policy rates and Liquidity
 - ❖ Monetary Policy of FED, ECB, BOJ and BOE
- ❑ **RBI's Monetary Policy Operations: New Liquidity Frame work**
 - ❖ LAF: Fixed Repo and Reverse Repo and MSF; Main Operations, Fine tuning Operations.
 - ❖ FX Swaps-short-term, LTROs, TLTROs
 - ❖ Refinance Facility to All India Financial Institutions.
- ❑ **RBI's Operations in G-sec Market and Public Debt Management**
 - ❖ OMOs: Unscheduled & Auction based; MSBs.
 - ❖ Operation Twist; Yield Curve Management; HTM Limits.
 - ❖ Primary Auctions; Buybacks of Securities and T-bills
 - ❖ Ways and Means Advances for Central and State Governments.
- ❑ **RBI's Operations in Forex Market**
 - ❖ Buying and Selling in Spot, Forwards, Futures
 - ❖ Forex Swaps: Buy-sell and Sell-Buy
 - ❖ Exchange rate indices: REER and NEER.
- ❑ **Monetary /Interest rate Transmission to Money, Bond and credit market**
 - ❖ Impact on CDS, CPs, yields, credit spreads, interest rate spread/ Liquidity Premium, deposit rates and lending rates.
 - ❖ Real and Nominal rates and equilibrium Real interest rates

Pedagogy

Recorded and live lectures will be done by faculty members of NIBM and domain experts from RBI. Case studies will be used for illustrations explaining the impact and effect of various monetary policy on both interest rates and exchange rates. Market experts and well known treasury analysts and dealers will also be invited to share their experiences

Target Group

- ❖ Middle and Senior level Executives from Domestic and Forex Treasury
- ❖ Risk Management officers handling Market risk
- ❖ Officers from Economic Research department

Modalities

This online course will have 10 hours of engagement time spread over a maximum 3 days, which includes several self-paced study and live interactions of participants. The courseware will include the following:

- I. Reading material for self-study, Case study or exercise material and Online references
- II. Video sessions comprising of:
 - i. Pre-recorded video sessions on several topics.
 - ii. Live video sessions by faculty or guest lecturers, for discussions, clarification of doubt, etc.

Participants enrolled to the workshop will be provided with login id and password to enter into the learning platform of the institute. Guidance will be provided for navigating through the various activities in the platform such as accessing courseware, viewing video sessions, participating in live sessions, etc. Live session schedule will be provided at the start of the workshop. Executives attending the workshop would need internet access on a desktop or laptop with Google Chrome to enable access to live and recorded sessions.

Completion Certificate

A completion certificate will be given to the participant at the end of the workshop. Participant has to remain logged in for at least the total number of engagement hours within the duration of the workshop for being considered to have completed the same.

Nominations and Enquiries

Nominations and Enquiries Nominations are invited from both, Organizations and Individuals from India and Abroad. Executives working in Banks/Financial Institution/Consulting Firms/Technology Firms in the Banking and Financial Services domain can apply for the workshop.

Please address your enquiries and nominations to:

Dr Jiji T Mathew

Dr G Nagaraju

Workshop Coordinators

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Last Date for Receiving Nominations: November 24, 2020

Workshop Fee (per participant) for 10 hours workshop

US \$ 500 for foreign participant

	<i>Fee</i>	<i>GST</i>	<i>Fee+GST</i>	<i>TDS</i>
Member Banks :	8400	1512	9912	840
Non-Member Banks :	10500	1890	12390	1050
Individual Nominee :	10500	1890	12390	---

The fee includes the cost of tuition, access to reading material and recorded videos, etc. (Central Goods and Services Tax (GST) @ 18%, and TDS @ 10%. Kindly send the TDS Certificate on priority to NIBM).

Mode of Payment for Indian Participants

- The fee may preferably be transferred by RTGS/NEFT/ECS to our A/c No. 20002400021 with Bank of Maharashtra, NIBM Branch, Pune (IFSC Code MAHB0001124). NIBM PAN No. AAATN0040P and GSTIN No. 27AAATN0040P1ZJ.
- National Institute of Bank Management
NIBM Post Office, Kondhwe Khurd, Pune 411 048, INDIA.

Mode of Payment for Foreign Participants

Mode of Remittance: SWIFT*

- Name & Address of our Bankers : Oriental Bank of Commerce
C-2, Shop No. 4-5, Bramha Estate
Kondhwe Khurd, Pune 411 048
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- Name of the Account : National Institute of Bank Management
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with Oriental Bank of Commerce
- Bank's Swift Code : ORBCINBBFCP
- Oriental Bank of Commerce A/c No. : 36152559
with Correspondent Bank
- Preferred currency : USD
- Correspondent Bank : CITIBANK N.A.
- Swift code for Citi Bank : CITIUS33

*** The Foreign Bank Charges/ SWIFT charges/Commission is to be borne by the remitter. The fees mentioned in the invoice/brochure is to be paid to NIBM, net of all bank charges.**

***Payments will be accepted only through electronic mode.
Cheques/DDs/Pay Orders will not be accepted.**

- For all electronic remittances, kindly send a confirmatory e-mail at: accounts@nibmindia.org giving details of the remitter and participant, name and dates of programme, etc.