Get Free International Capital Flows Exchange Rates And
resolve their dilemma of being dependent on external funding and, at the same time, most vulnerable to the economic and financial crises in several Asian countries, capital flows can also bring risks. Although there is no simple explanation of the crisis, it is clear that fixed-exchange rates and chronic deficits increased the likelihood of a breakdown. Similarly, during the 1970s, the United States and other industrial countries loaned OPEC surpluses to borrowers in Latin America. But when the U.S. Federal Reserve raised interest rates to control searing inflation, the result was a widespread debt moratorium in Latin America as many countries throughout the region struggled to pay the high interest on their foreign loans. The global financial crisis contains recent work by eminent scholars and practitioners in the exchange of capital flows to Latin America, Asia, and eastern Europe. These papers discuss the role of banks, bond markets, and currencies in emerging markets. The risk-taking behavior of capital flows, the real estate market, and the risks that international investors face with these transactions. By focusing on capital flows' productivity and determinants, and the policy issues they raise, this collection is a valuable resource for economists, policymakers, and financial market participants.

Exchange Rate Regimes, Capital Flows and Crisis Prevention

"This book presents five theoretical and empirical studies on growth, capital flows, exchange rates and monetary policy. The empirical parts of the three studies of the uses data from the ASEAN-4 countries of Indonesia, Malaysia, Philippines, Thailand, with the remaining two studies using data on China."--Preface.

International Capital Movements and Foreign Exchange Markets

The dramatic growth of international capital flows has provided unprecedented opportunities and risks in emerging markets. This book is the result of a conference exploring this phenomenon, sponsored by the Reserve Bank of Dallas. The issues explored include direct versus portfolio investment, exchange rate and economic growth; and optimal exchange rate policy for stabilizing inflation in developing countries. It concludes with a panel discussion on central bank coordination in the midst of exchange-rate instability.

What Hurts Most?

The focus is on external sector developments, and the topics deal with balance of payments conditions, exchange rate policies and regimes, international competitiveness, international capital flows, foreign trade, and other matters related to the integration of transition economies into the world economy."--BOOK JACKET.

The International Monetary System

Principles of International Finance first published in 1988, provides a comprehensive introduction to international finance which is rapidly becoming an increasingly important branch of international economics. The book is structured so that it can easily be adopted as a complete one-semester course in international finance and is divided into the four major divisions of international finance: The Foreign Exchange Market and the Balance of Payments; Exchange Rate Systems; Equilibrium and the Adjustment Process and The Post-War International Financial System. This book is designed for economists and business undergraduates studying international finance for the first time. It is non-mathematical and presumes no more than a general background in macroeconomics.

Capital Flows and Their Macroeconomic Effects in India

With many emerging market currencies tied to the U.S. dollar either implicitly or explicitly, movements in the exchange values of the currencies of major countries have the potential to influence the competitive position of many developing countries. According to some analysts, establishing target bands to reduce the variability of the G-3 currencies would limit these destabilizing shocks emanating from abroad. This paper examines the argument for such a target zone activity from an emerging market perspective. Given that sterilized intervention by industrial economies tends to be ineffective and that policymakers choose not to return to the controls on international capital flows that helped keep exchange rates stable over the Bretton Woods era, a commitment to G-3 exchange-rate regulations requires a willingness on the part of G-3 authorities to use domestic monetary policy to that end. Under a system of fixed exchange rates, the risk that emerging market economies may become more stable, but debt-serving costs may become less predictable. We use a simple trade model to show that the resulting consequences for welfare are ambiguous. Our empirical work supplements the traditional literature on North-South link by examining the importance of the G-3 exchange rates, and U.S. interest rates and consumption on capital flows and economic growth in developing countries over the past thirty years.

Studies in East Asian Economies

Monetary Policy, Capital Flows and Exchange Rates

We study the effect of foreign exchange intervention on the exchange rate relying on an instrumental-variables panel approach. We find robust evidence that intervention affects the level of the exchange rate in an economically meaningful manner. A one standard deviation increase in 1% of GDP causes a depreciation of the nominal and real exchange rates in the range of [1.7-2.6] percent and [1.4-1.7] percent respectively. The effects are found to be quite persistent. The paper also explores possible asymmetric effects, and whether effectiveness depends on the depth of domestic financial markets.

Balance of Payments, Exchange Rates, and Competitiveness in Transition Economies

In this paper I analyze, within the context of the new "financial architecture," the relationship between exchange rate regimes, capital flows and currency crises in emerging economies. The paper draws on lessons learned during the 1990s, and deals with some of the most important policy controversies that emerged after the Mexican, East Asian, Russian and Brazilian crises. I evaluate some recent proposals for reforming the international financial architecture that have emphasized exchange rate regimes and capital flow restrictions. I discuss emerging markets' ability to have flexible exchange rate regimes, and analyze issues related to "tetherization."

Exchange Rates, Capital Flows, and Monetary Policy in a Changing World Economy

This work by Vlasek (money, banking, and international economics, Free U., Amsterdam), who is aimed at advanced students as well as professionals, explains the theories behind how exchange rates are determined since the collapse of the Bretton Woods exchange rate system in 1973. Changes in the updated second edition include an expanded treatment of international capital movements, an analysis of the East Asian crisis within the context of the Tobin tax, and the pros and cons of the recent rise of prominence of currency boards. Annotation copyrighted by Book News Inc., Portland, OR

International Capital Movements Under the Law of the International Monetary Fund

This paper presents a new measure of capital flow pressures in the form of a react Exchange Market Pressure Index. The measure captures pressures that materialize in actual international capital flows as well as pressures that result in exchange-rate adjustments. The formulation is theory-based, relying on balance of payments equilibrium conditions and international asset portfolio considerations. Based on the modified exchange market pressure index, the paper also proposes the Global Risk Response Index, which reflects the country-specific sensitivity of capital flow pressures to measures of global risk aversion. For a large sample of countries over time, we demonstrate time variation in the effects of global risk on exchange rate pressures, the evolving importance of the global factor across types of countries, and the changing risk-on or risk-off status of currencies.

Exchange Rate Regimes in Selected Advanced Transition Economies

Diploma Thesis from the year 2000 in the subject Economics - Finance, grade: 1, Christian-Albrechts-University of Kiel, language: English, abstract: This paper deals with three highly controversial aspects in the international finance literature: the degree of international financial integration, the potential capital mobility of capital controls in the emerging international financial architecture. Regarding the first aspect, many observers have been influenced by the recent hype about "globalization" and in fact take it for granted that capital markets have become almost fully integrated into a world financial marketplace. This paper, reviews evidence that challenges this common view, and shows that the degree of international financial integration is quite low under current conditions. The second aspect is investigated. The specific question explored is how far restrictions on international capital flows are able to avert a costly economic imbalance arising from fluctuations in the balance of payments. Although the international consensus seems to have shifted in recent years towards promoting Chilean-style capital controls as a potential new building block in the international financial architecture, this paper cautions against such a generalisation of the Chilean experience. Rather, a review of the empirical literature suggests that much of Chile's economic success story in the last decade can be explained by factors...
Capital Mobility, Exchange Rates, and Economic Crises

Unveiling the Effects of Foreign Exchange Intervention

Project Report from the year 2011 in the subject Economics - Monetary theory and policy, grade: 1,0, Heilbronn University, language: English, abstract: The international monetary system is the framework that unifies individual economies in the modern world. Its function is to guarantee regulation and stability, to settle financial embarrassment and to provide international monetary resources in case of economic disruptions within the system. (Eichengreen, 2000) Without understanding how the international monetary order works it is impossible to comprehend the mechanisms of the world economic system. This term paper therefore describes the history of the international monetary system from 1870 up to 1973. Additionally it examines the advantages and disadvantages of an alternative floating exchange rate system, as well as the phenomenon of the so called Bretton Woods II between China and the USA.

Capital Inflows, Exchange Rate Flexibility, and Credit Booms

The prospects of expansionary monetary policies in the advanced countries for the foreseeable future have renewed the debate over policy options to cope with large capital inflows that are, at least partly, driven by low interest rates in the financial centers. Historically, capital flow bonanzas have often fueled sharp credit expansions in advanced and emerging market economies alike. Focusing primarily on emerging markets, we analyze the impact of exchange rate flexibility on credit markets during periods of large capital inflows. We show that bank credit grows more rapidly and its composition tilts to foreign currency in economies with less flexible exchange rate regimes, and that these results are not explained entirely by the fact that the latter attract more capital inflows than economies with more flexible regimes. Our findings thus suggest countries with less flexible exchange rate regimes may stand to benefit the most from regulatory policies that reduce banks' incentives to tap external markets and to lend/borrow in foreign currency; these policies include marginal reserve requirements on foreign lending, currency-dependent liquidity requirements, and higher capital requirement and/or dynamic provisioning on foreign exchange loans.

Banking, International Capital Flows and Growth in Europe

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.

Essays on International Capital Flows, Exchange Rates, and Monetary Policy


Traditionally the choice of exchange rate regime has been seen as a second-best policy choice, which can be directed toward mitigating the distortional effects of price or information rigidities. In this paradigm the optimal degree of exchange-rate flexibility is found to depend on the source and nature of shocks hitting an economy. More recent literature views the exchange rate as a widely and frequently seen manifestation of government policy with careful exchange-rate management emerging as a tool that can enhance shaky policy credibility.

Capital Flows and Long-term Equilibrium Real Exchange Rates in Chile

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