



HKIMR

A company incorporated
with limited liability.

www.hkimr.org

The HKIMR was established by the Hong Kong Monetary Authority (HKMA) in August 1999 to conduct and support research on issues in monetary policy, banking and finance that are of strategic importance to Hong Kong and the Asian region.

Highlights of this issue:

Fourth Annual International Conference on the Chinese Economy

Conference on “The BRICS & Asia, Currency Internationalization, and International Monetary Reform”

The 5th Expert Forum on Advanced Stress Testing Techniques

The Tenth HKIMR Conference on the Mainland Economy

Visiting Fellow – Eric van Wincoop

Visiting Fellow – Abdullah Yavas

Hong Kong Institute for Monetary Research – *Newsletter*

Twenty-Third Issue (February 2013)

New Overseas Advisers



Professor Richard H. Clarida, C. Lowell Harriss Professor of Economics and International Affairs at Columbia University, has been appointed as an Overseas Adviser of the HKIMR, with effect from 4 December 2012.



Professor Wei Xiong, Professor of Economics at Princeton University, has been appointed as an Overseas Adviser of the HKIMR, with effect from 4 December 2012.

Recent Activities

Fourth Annual International Conference on the Chinese Economy

The HKIMR held its Fourth Annual International Conference on the Chinese Economy in Hong Kong on 10 and 11 January 2013. The theme of the conference was “The Role of Financial System Reforms in Rebalancing the Chinese Economy”.

This conference was the fourth in the HKIMR annual international conference series on the Chinese economy, which provides a world-class forum for academics, policy makers and business economists to discuss important analytical and policy issues related to the Chinese economy. The conference series was launched in 2010 and has been well-received.

The two-day conference featured a keynote speech by Professor Xiaodong Zhu (University of Toronto) on “Understanding China’s Growth: Past, Present, and Future”. Based on the findings of his three recent papers, he pointed out that China’s economic growth had been mainly driven by increases in productivity, rather than investment or



Dr. Dong He (left) (Executive Director (Research) of the HKMA and Director of the HKIMR) delivering the opening remarks, and Professor Edward K. Y. Chen (right) (Chairman of the Council of Advisers of the HKIMR, and Distinguished Fellow of Hong Kong Institute for Humanities and Social Sciences, The University of Hong Kong)

Fourth Annual International Conference on the Chinese Economy

... continued from last page

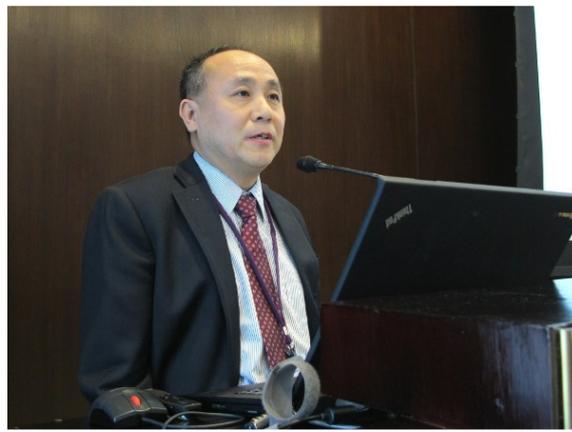
demographic factors. He concluded that there is plenty of scope for future growth in China in the next two decades.

Besides the keynote speech, ten high-quality research papers were presented in three sessions during the conference. These were: “Political Influence and Incentive: The Lending Behavior of a State-owned Bank in the Global Financial Crisis” by Dan Li of Fudan University, “China’s Secondary Privatization: Perspectives from the Split-Share Structure Reform” by Hao Wang of Tsinghua University, “De-monopolization Toward Long-Term Prosperity in China” by Ashvin Ahuja of International Monetary Fund (IMF), “Financial System Reforms and China’s Monetary Policy Framework: A DSGE-Based Assessment of Initiatives and Proposals” by Michael Funke of Hamburg University, “Monetary Policy and Bank Lending in China - Evidence from Loan Level Data” by Honglin Wang of the HKIMR, “Monetary Policy in a DSGE Model with “Chinese Characteristics”” by Mark M. Spiegel of Federal Reserve Bank of San Francisco, “Monetary Policy, Credit Constraints, and Firm Exports: Evidence from China” by Shu Lin of Fudan University, “The Potential of the RMB to be a Major Invoicing Currency in the Asia-Pacific Region” by Edwin Lai of The Hong Kong University of Science and Technology (HKUST), “A Provincial View of Global Imbalances: Regional External Adjustment in China” by Mathias Hoffmann of University of Zurich, and “Impact of Labour Market Development on Wages in China” by Wenlang Zhang of the HKMA.

The discussants included Dragon Tang of The University of Hong Kong, Chu Zhang of HKUST, Chong Kee Yip of The Chinese University of Hong Kong (CUHK), Paul S. K. Luk of HKIMR, André Meier of IMF, Jenny Xu of HKUST, Chang Shu of Bank for International Settlements (BIS), Charles Yu of HKIMR, Iikka Korhonen of Bank of Finland, and Junsen Zhang of CUHK.

Before the end of the conference, there was a panel discussion session entitled “Growth Slowdown in China: Cyclical or Trend?”. The HKIMR invited several business economists to express their views on this issue. The panellists included Haibin Zhu of JPMorgan Chase Bank, Xiaodong Zhu of University of Toronto, Louis Kuijs of The Royal Bank of Scotland and Ting Lu of Bank of America Merrill Lynch. The conference was well-received and was attended by over ninety participants including representatives from eight central banks around the world.

The conference programme, papers and slides can be accessed by the following link: http://www.hkimr.org/conferences_detail-id69



Professor Xiaodong Zhu (University of Toronto) delivering his keynote speech on “Understanding China’s Growth: Past, Present, and Future”



Discussion during the conference dinner: Mark M. Spiegel (Federal Reserve Bank of San Francisco), Chong Kee Yip (The Chinese University of Hong Kong) and Yin-Wong Cheung (City University of Hong Kong) (From left to right)



Panel discussants: Haibin Zhu (JPMorgan Chase Bank), Xiaodong Zhu (University of Toronto), Dong He (HKMA and HKIMR) (Chair of the panel discussion session), Louis Kuijs (The Royal Bank of Scotland) and Ting Lu (Bank of America Merrill Lynch) (From left to right)

Conference on “The BRICS & Asia, Currency Internationalization, and International Monetary Reform”

The HKIMR co-organised a conference on “The BRICS & Asia, Currency Internationalization, and International Monetary Reform” with The Centre for International Governance Innovation (CIGI) and Asian Development Bank (ADB) on 10 and 11 December 2012.

The rationale for this conference was that the disjuncture between global markets and the international monetary system was generating instability in global trade and financial markets. As the BRICS (Brazil, Russia, India, China, and South Africa) and Asian countries have become more integrated into the world economy, their governments have become increasingly aware of fundamental problems or challenges to the current international monetary system.

This conference considered systemic problems motivating countries to seek international monetary reform, and the views from the BRICS and Asian countries regarding currency internationalization, and orderly adjustment of the international monetary system.

There were eleven presentations in three sessions by experts from academia, central banks, the ADB, and the BIS. In the first session, Benjamin Cohen of University of California, Santa Barbara presented his paper entitled “Global Turmoil: The International Monetary System Today” and Eric Helleiner of University of Waterloo gave a presentation of his paper “Reluctant Monetary Leaders? The New Politics of International Currencies”. After that, Robert McCauley of BIS presented his paper “Reforming the International Monetary System in the 1970s and 2000s: Would an SDR Substitution Account have Worked?” The conference featured a keynote presentation by Dr. Dong He (HKMA and HKIMR) entitled “International Use of the Renminbi: Developments

and Prospects”. This covered a number of important issues, such as the infrastructure requirements for the renminbi to be used for cross-border trade and investment, the incentives to non-Chinese residents to hold renminbi-denominated assets and liabilities, and the compatibility of renminbi internationalisation with the gradualist approach to capital account liberalisation.

In the second session, Songzuo Xiang (Agricultural Bank of China) gave a presentation entitled “Searching for an Anchor of the International Monetary System – A Case Study of RMB Exchange Rate”. A further four papers were presented: “Reforming the Architecture of the International Monetary System: Managing the Impossible Trinity” by Michael Debabrata Patra of Reserve Bank of India, “Russia, International Monetary Reform and Currency Internationalization” by Juliet Johnson of McGill University, “Challenges of the International Monetary System and Response Options: A South African Perspective” by Johan van denHeever of South African Reserve Bank, and “Brazil: Policy Responses to the Global Crisis and the Challenges Ahead” by Monica Baumgarten de Bolle of PUC Rio and Galanta Consultoria.

The third session on the second day began with a presentation of “A Practical Approach to International Monetary System Reform: Building Settlement Infrastructure for Local Currency Internationalization” by Changyong Rhee of ADB. This was followed by Andrew Powell’s presentation of his paper “Promoting the International Use of Emerging Country Currencies: The Case of Local Currency Debt Issuance for Latin America and the Caribbean”. The conference ended after two sessions of discussion about Asian economic policies and the way forward. The conference programme, papers and slides can be accessed by the following link: http://www.hkimr.org/conferences_detail-id68



Rohinton Medhora (President of CIGI)
delivering the opening remarks



Changyong Rhee (Chief Economist of
Asian Development Bank)



Thomas Bernes (left) (Distinguished Fellow of CIGI)
and Paul Jenkins (right) (Distinguished Fellow of CIGI)

The 5th Expert Forum on Advanced Stress Testing Techniques

Together with the Monetary and Capital Markets Department of the IMF, the HKIMR co-organised “The 5th Expert Forum on Advanced Stress Testing Techniques” on 9 and 10 October 2012 in Hong Kong.

The forum aimed to bring together experts and practitioners from central banks and international organizations to share their knowledge and experience of the best practice tools and techniques for banking system stress testing.

The forum commenced after opening remarks by Dong He (HKMA and HKIMR) and Dimitri G. Demekas (IMF). A total of thirteen papers were presented in four sessions by speakers from central banks, IMF and BIS. These papers covered new developments in liquidity and credit stress testing, the best principles and practices in designing stress tests, sovereign risk and macro feedback in stress testing, and enhancing analysis of domestic and international spillovers, contagion and network effects in stress testing.

The papers presented were: “Liquidity Stress Tests: What Use From a Policy Perspective?” by Mattias Persson (Sveriges Riksbank), “A Cash-Flow Based Approach to Liquidity Stress Testing” by Benjamin Neudorfer (Oesterreichische Nationalbank), “The MacroFinancial Risk Assessment Framework (MFRAP): A Quantitative Tool to Understand and Assess Systemic Risk in the Banking Sector” by Virginie Traclet (Bank of Canada), “Cyclical Default and Recovery in Stress Testing Loan Losses” by Esa Jokivuolle (Bank of Finland), “Macrofinancial Stress Testing: Principles and Practices” by Liliana Schumacher (IMF), “Stress-Testing Stress Testing” by Konstantinos Tsatsaronis (BIS), “Stress Testing Practices in China's Banking Sector” by Liang Shidong (People's Bank of China), “Stress Testing Practices in Russia's Banking Sector” by Tatiana Malakhova (Central Bank of Russia), “Evolution of Macro Stress Testing in India” by Supriya Majumdar (Reserve Bank of India), “Framework for Integrating Sovereign Risks and Macro Feedbacks in Stress Testing” by Dale Gray (IMF), “An Overview of Systemic Risk Analysis: Practice at the Bundesbank” by Christoph Memmel (Deutsche Bundesbank), “Stress Testing Analysis of Impact of European Crisis on Hong Kong Banking Sector” by Eric Wong (HKMA), and “Assessing Interconnectedness and Contagion Risk in the Indian Banking System” by Dimple Bhandia (Reserve Bank of India). The forum had over fifty participants and generated lively discussion.

(Conference link: http://www.hkimr.org/conferences_detail-id66)



Dimitri G. Demekas (left) (Assistant Director and Chief of Financial Surveillance Policy Division of IMF) and Dong He (right) (HKMA and HKIMR) jointly delivering the welcome and opening remarks



Mattias Persson (Sveriges Riksbank)



Panel discussion on uses and impact of stress testing



Simon Topping (KPMG Hong Kong) delivering a speech during the conference dinner

The Tenth HKIMR Conference on the Mainland Economy

In line with its effort to maintain dialogues with researchers on the Mainland, the HKIMR organised a two-day conference on the Mainland economy entitled “Chinese Firms and Capital Going Global: Opportunities and Challenges” in Hong Kong on 5 and 6 November 2012. This conference was the tenth of the HKIMR’s conference series on the Mainland economy in Putonghua.

In this two-day conference, a number of topics were examined over four sessions including: the opportunities and challenges to Chinese firms going global, providing financial services to these firms, the policies and developments of China’s outward direct and portfolio investment, its risks and returns, the development of QDII schemes, renminbi internationalization and the role of Hong Kong.

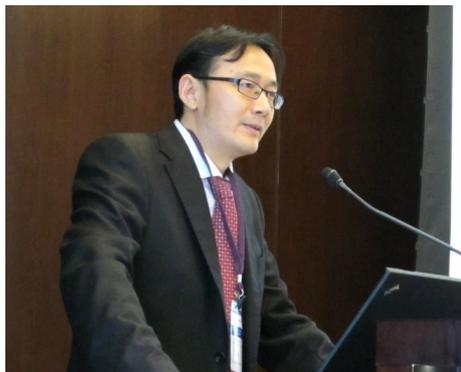
This conference featured three keynote speeches: “The Reasons for Chinese Firms Going Global” by Guanghui Li (Vice President of the Chinese Academy of International Trade and Economic Cooperation, Ministry of Commerce of the People’s Republic of China), “How do Financial Institutions Provide Financial Services to Chinese Firms Going Global?” by Zhong Xu (Deputy Director-General, Financial Market Department of The People’s Bank of China), and “Policy Evolvement and Future Development Trend of China’s Outward Portfolio Investment” by Bin Qi (Director-General, Research and Strategy Center of China Securities Regulatory Commission).

The conference was attended by over ninety participants, mainly from different Mainland institutions such as the Ministry of Commerce of the People’s Republic of China, The People’s Bank of China, China Securities Regulatory Commission, China Development Bank, Bank of China, and from academia such as University of Cambridge, The Chinese University of Hong Kong and Renmin University of China.

The conference programme can be accessed by the following link: <http://www.hkimr.org/uploads/news/46/2.pdf>



Guanghui Li (Vice President of the Chinese Academy of International Trade and Economic Cooperation, Ministry of Commerce of the People's Republic of China) delivering the keynote speech



Zhong Xu (Deputy Director-General, Financial Market Department of The People's Bank of China) delivering the keynote speech



Bin Qi (Director-General, Research and Strategy Center of China Securities Regulatory Commission) delivering the keynote speech

Application for Visiting Research Fellow

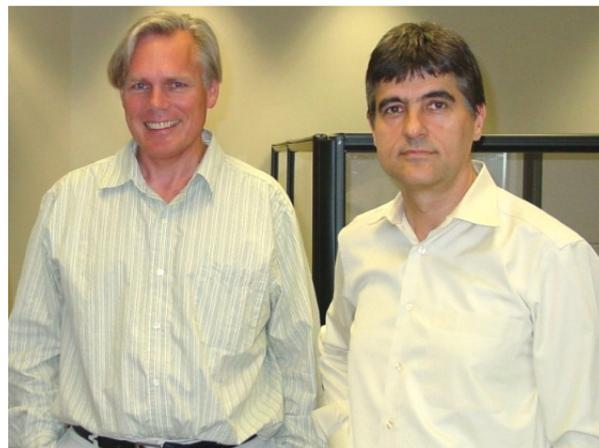
The HKIMR accepts applications for positions as Visiting Research Fellow on an ongoing and highly competitive basis. The Council of Advisers reviews proposals four times a year. The deadline for the next round of applications is 31 March 2013.

Applicants should note that papers produced, partly or wholly under this visiting programme, are required to acknowledge the financial support of the HKIMR if the papers are submitted to any journals.

Please visit our website (<http://www.hkimr.org/content-id13>) if you are interested in this programme.

Visiting Fellow – Eric van Wincoop

Eric van Wincoop is the Robert P. Black Professor of Economics at the University of Virginia. He was born in the Netherlands. At the age of 22, after earning an MA degree in Econometrics at the Vrije Universiteit in Amsterdam, he moved to the United States to study economics at Harvard University, where he earned a PhD degree in 1989. He joined the University of Virginia in 2001, following appointments at Boston University (1989-1996) and the Federal Reserve Bank of New York (1996-2001). He is also a Research Associate at the National Bureau of Economic Research and a co-editor at the Journal of International Economics. His research is in the area of international macroeconomics.



Eric van Wincoop (left) (University of Virginia) and Philippe Bacchetta (right) (University of Lausanne)

“The HKIMR is a wonderful place to visit...The people are very nice and we get all the assistance that we need, allowing us to focus on our projects. I’ve also had frequent interaction with the people at the BIS.”

I visited the HKIMR in November/December 2012, jointly with Philippe Bacchetta. I first visited in August 2005. It was a memorable experience as I brought my wife, 3 children (then very young) and our nanny along. That trip was complicated by the fact that our twin boys were still in a stroller, which broke as a result of traversing the many steps on sidewalks and subway entrances. I also became ill for a week, which I think was related to humidity. Still, I very much liked the city and the HKIMR. But I learned my lessons from that first trip. In subsequent visits I made three changes. First, I have travelled alone, staying in daily contact with the family through Skype. I can help the kids with their homework questions in the evening, when it is morning time in Hong Kong. Second, I have visited either May/June or November/December, when the weather in Hong Kong is generally quite good. This has also allowed me to explore the many wonderful hiking opportunities in and around Hong Kong. The combination of city and nature makes Hong Kong really exceptional. Third, I have made sure to visit the HKIMR jointly with one of my co-authors, either Cedric Tille or Philippe Bacchetta. This has worked out very well as we can work intensely and uninterrupted for a month on a project. The 12 hour time difference with the United States is also very nice as there are no e-mails to respond to during the workday in Hong Kong.

The HKIMR is a wonderful place to visit. The view alone is incredible. The people are very nice and we get all the assistance that we need, allowing us to focus on our projects. I’ve also had frequent interaction with the people at the BIS, just below the HKIMR. In addition I usually also visit several local universities to give talks. During the last visit Philippe and I benefited enormously from giving talks at various local universities as well as the HKIMR. We only had a preliminary version of a first draft of our paper, so feedback at that point was quite valuable. This led us to make some key changes to the structure of our model. We had endless discussions in our HKIMR offices about this. But it was not until one evening, when we were riding back to the hotel in the shuttle bus, that it became transparent to us what change to the model we needed to make. That was a great light bulb moment, which has guided our work in the subsequent months. I attribute this to the opportunity to work so intensely together at the HKIMR for a substantial amount of time and without significant interruptions.

Three of the projects we worked on during these HKIMR visits have subsequently been published in the American Economic Review. The visits have been of great help in making substantial progress on these projects. Our latest project is about the co-movement of business cycles around the globe during the Great Recession. As far as we know, there has never been a time (including the Great Depression) where business cycles moved so closely together across countries. It is common to attribute such co-movement to various trade and financial transmission mechanisms. But this type of explanation has some fundamental flaws. There is significant home bias in both goods and asset trade that significantly limits the extent of transmission. Moreover, it does not address why we have not seen such strong co-movement in the past. Our theory attributes the co-movement to a global self-fulfilling panic, where expectations of lower future income lead to a decline in consumption and investment that causes a recession and makes the beliefs self-fulfilling. Only limited trade or financial integration is needed to make sure that such a panic is synchronized across countries. We argue that the circumstances in 2008, including the zero lower bound and tight credit, generated particular vulnerability to such a panic. It is a topic that is also of great interest to Asia, where there was very limited exposure to the U.S. subprime market but nonetheless economies faced a similar (if not larger) decline in consumption, investment and output as in the United States.

Visiting Fellow – Abdullah Yavas



Abdullah Yavas is the department chair and the Distinguished Professor in the Department of Real Estate and Urban Land Economics at the University of Wisconsin-Madison. Prior to joining Wisconsin, he was the Elliott Professor of Business Administration and Research Director of the Institute for Real Estate Studies at Penn State University. In addition, he was a visiting Professor at the University of Michigan in the fall of 1995 and a Research Fellow at the University of Illinois during the 1991-1992 academic year. He was awarded Fulbright Scholarship in 2007. During the January 2011 to January 2012 period, he served as the founding president of the Antalya International University in Antalya, Turkey. He is currently on the board of directors of the American Real Estate and Urban Economics Association and a member of the Advisory Board for the Real Estate Research Institute. Yavas is also a member of the Monetary Policy Committee of the Central Bank of the Republic of Turkey.

Yavas is one of the most published authors in the real estate field. He is currently a member of the editorial boards of nine leading academic journals. His research is often cited in media outlets, including the Wall Street Journal, Money, and Time magazine. He was awarded the Excellence in Undergraduate Teaching Award from Smeal College of Business at Penn State in 2001.

Yavas earned his PhD in economics from the University of Iowa. He also has a B.A. from Bogazici University in Istanbul, Turkey.

Back in 1992, I spent a year as a research fellow at the Office of Real Estate Research at the University of Illinois. During that year, I discovered that real estate offers an amazing research laboratory for an economist, with an immense set of interesting and unexplored questions. As the current financial crisis made it very clear, real estate is also a very critical and complex asset. This asset class ties together not only economics and finance, but also many other fields including sociology, psychology, law, engineering, architecture and politics.

Every time I look out of the office windows on the 79th floor of the Two IFC building, I observe that real estate is an even more fascinating and complicated asset class in Hong Kong than it is in other parts of the world. While the US and many other advanced economies have been struggling with collapsed housing markets, the housing prices in HK have doubled in the last three and a half years. Not only that, the rents for residential properties, which typically display a rather steady behavior through economic cycles in other countries, have also increased around 60% in HK during that time period and displays a volatile pattern over time. The data on rents in HK clearly point to the significance of and volatility in supply factors and non-resident buyers in the housing markets. All of these issues turn real estate into a much more political asset class in HK than in other places. Furthermore, housing costs in HK now account for about one-third of the CPI basket, making price and rent fluctuations a big headache for the monetary authority as well.

The view from the office windows of the 79th floor also makes my recent research agenda particularly more relevant and invigorating. I have recently conducted laboratory experiments in which I show that boom and bust cycles emerge even in very simple environments where the fundamental value of the asset can be easily calculated in any given trading period and where there is no lending and borrowing. In addition, I show that if the asset has the characteristics of a real asset vis-à-vis a financial asset (i.e., high transaction costs, high purchase price and no short selling), then the boom and bust cycles last longer and the deviations from the fundamental values during these cycles are larger. As a member of the monetary policy committee of the Central Bank of Turkey, I am also concerned about the possible monetary policy reactions to asset price bubbles. During my visit at HKIMR, I was able to bring my policy experience and academic research together and explore alternative monetary tools to address the causes and consequences of asset price bubbles.

I have spent a very productive four weeks at the HKIMR. The visit has enabled me to get away from the distractions of daily academic and administrative life and focus on my research. My research was not only motivated by the view from the 79th floor, it was also greatly supported by the hospitality of the HKIMR's Director and Senior Manager and the helping hands of the amazing staff here. I have had many interesting and enlightening conversations with the research staff and visiting fellows. I have also implanted the seeds of a few new research ideas on Hong Kong's real estate economy and potential collaboration with some of the researchers at the institute.

Upcoming Activities

Call for Papers: Conference on Price Reforms and Factor Markets Liberalisation in the Chinese Economy

The HKIMR will hold its fifth Annual International Conference on the Chinese Economy in Hong Kong on 16-17 January 2014.

The conference is intended to provide a forum for academics, policymakers and business economists to discuss important analytical and policy issues related to the Chinese economy. Past conferences in this series attracted high-quality paper presentations and rigorous discussions, and were attended by researchers and China watchers from central banks and other institutions across the globe.

The theme of the forthcoming conference is “Price reforms and factor markets liberalisation in the Chinese economy.”

Possible topics include (but not restricted to):

- Structure of factor markets and entry barriers
- Contestability of factor markets in China
- The role of factor market distortions in macroeconomic imbalances
- Factor price dynamics and employment
- Factor price dynamics and inflation
- Factor market distortions and income inequality
- Land market and housing price dynamics
- Labour market and wage dynamics
- Capital markets and interest rate liberalisation
- Capital account liberalisation, currency internationalisation, and exchange rate dynamics

Papers that do not fit into these categories, but that are related to the main theme of the conference, are also welcome.

Interested contributors should submit a draft paper (in a Word or PDF file) to the HKIMR by 7th October 2013 (e-mail to hkimr@hkma.gov.hk). Please use the contact author's name as the name of the file. The HKIMR will select the papers based on originality, analytical rigor, and policy relevance and will contact the authors whose papers have been selected by 15th November 2013.

Presenters will be reimbursed for reasonable travel expenses and accommodation. For further information, please email hkimr@hkma.gov.hk or visit the HKIMR website <http://www.hkimr.org>.

Asian Financial Forum (AFF) 2014

The aforementioned conference will be in the same week of Asian Financial Forum (AFF) which is scheduled on 13 and 14 January 2014. The AFF is a high-level and important event in Hong Kong. It brings together some of the most influential members of the global financial and business community to discuss developments and trends in the dynamic markets of Asia. To know more about AFF, please visit its website: www.asianfinancialforum.com/en/index.htm

The HKMA 20th Anniversary Research Workshop

The HKIMR is organising “The HKMA 20th Anniversary Research Workshop” to be held on 7 June 2013. This one-day workshop features research papers on the Hong Kong economy by HKMA staff. The workshop will discuss a wide range of issues related to the Hong Kong economy including output gap estimation, business cycle synchronisation with Mainland China, the demand and supply of mortgage loans and loan-to-value ratio policies, the recent performance of the Hong Kong dollar foreign exchange market, and the implications of

capital account liberalisation in Mainland China for Hong Kong as an international financial centre.

The HKIMR/HKUST Conference on Macroeconomics and International Finance

The HKIMR is co-organising a conference on macroeconomics and international finance with The Hong Kong University of Science & Technology on 2 and 3 July 2013. The workshop will feature two keynote speeches on self-fulfilling expectation driven business cycles and sovereign debt crises.

Conference on Financial Development and Cooperation in Asia and the Pacific

The HKIMR is hosting the Pacific Trade and Development (PAFTAD) Conference in Hong Kong from 19 to 21 November 2013. The theme of the conference will be “Financial Development and Cooperation in Asia and the Pacific”. This conference will cover a number of issues, including financial reforms in Asia and the intermediation of Asian savings, the development of financial centres in Asia and the Pacific, the internationalization of the renminbi, and the regional financial co-operation.

Visiting Fellows and Seminars

18 - 22 February 2013

Joel F. Houston (University of Florida)

18 February - 12 April 2013 (Part-time basis)

Chen Lin (The Chinese University of Hong Kong)

28 February 2013 *International Reserves:*

IMF Concerns and Country Perspectives –

Hans Genberg, Independent Evaluation

Office of the International Monetary Fund

Recent HKIMR Working Papers

No.23/2012 “*Hong Kong Inflation Dynamics: Trend and Cycle Relationships with the U.S. and China*” by Pym Manopimoke

No.24/2012 “*Determinants and Dynamics of Price Disparity in Onshore and Offshore Renminbi Forward Exchange Rate Markets*” by Ka-Fai Li, Cho-Hoi Hui and Tsz-Kin Chung

No.25/2012 “*Factor Intensity, Product Switching, and Productivity: Evidence from Chinese Exporters*” by Yue Ma, Heiwai Tang and Yifan Zhang

No.26/2012 “*Factor Market Distortions across Time, Space and Sectors in China*” by Loren Brandt, Trevor Tombe and Xiaodong Zhu

No.27/2012 “*The Effect of Commodity Price Shocks on Underlying Inflation: The Role of Central Bank Credibility*” by Scott Davis

No.28/2012 “*A Quasi-Bounded Target Zone Model – Theory and Application to Hong Kong Dollar*” by Chi-fai Lo, C. H. Hui, S. W. Chu and T. Fong

No.29/2012 “*Does the Tail Wag the Dog? The Effect of Credit Default Swaps on Credit Risk*” by Marti G. Subrahmanyam, Dragon Yongjun Tang and Sarah Qian Wang

No.30/2012 “*The Evolution of Endogenous Business Cycles*” by Roger Farmer

No.31/2012 “*What are the Challenges and Problems Facing China’s Outward Portfolio Investment: Evidence from the Qualified Domestic Institutional Investor Scheme*” by Aidan Yao and Honglin Wang

No.32/2012 “*Investment and Asset Growth of Asian Firms: Evidence for Financial Resilience in the Recent Financial Crisis*” by Alessandra Guariglia and Paul Mizen

No.01/2013 “*Rental Adjustment and Housing Prices: Evidence from Hong Kong’s Residential Property Market*” by Honglin Wang, Chu Zhang and Weihang Dai

No.02/2013 “*China’s Monetary Policy Communication: Money Markets not only Listen, They also Understand*” by Alicia Garcia-Herrero and Eric Girardin

No.03/2013 “*Carry Trades and the Performance of Currency Hedge Funds*” by Federico Nucera and Giorgio Valente

No.04/2013 “*The Role of Household Saving in the Economic Rise of China*” by Steven Lugauer and Nelson C. Mark

No.05/2013 “*Multinational Banking and Financial Contagion: Evidence from Foreign Bank Subsidiaries*” by Bang Nam Jeon, María Pía Olivero and Ji Wu

and more please visit our website.

Correspondence

ADDRESS:

55/F Two International Finance Centre,
8 Finance Street,
Central, Hong Kong

PHONE:

(852) 2878-1978

FAX:

(852) 2878-7006

E-MAIL:

hkimr@hkma.gov.hk

We’re on the Web!

See us at:

www.hkimr.org

Chairman of the Board of Directors:
Norman T. L. Chan

Chairman of the Council of Advisers:
Edward K. Y. Chen

Director:
Dong He

Staff:

Senior Manager:
Hongyi Chen

Economists:
Paul Luk
Honglin Wang
Charles Yu

Assistant Manager:
Kenneth Chow

Assistant Officer:
Selina Cheung

Administrative Assistant:
Judy Kwan