



June 15 – 16, 2023

(Online Course Duration: 10 hours)



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



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Amrit Mahotsav

Introduction

Monetary policy is an important function undertaken by Central Banks' to influence the aggregate 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 real interest rates in debt market, deposits and credit market. Commercial banks play a crucial role in this process, both as a dominant participant in the interbank market and acting as main counterparties of the central banks' market operations.

Global and domestic inflation has moderated from its peak, but remains stubbornly elevated and stays above the target of many central banks. Major global central banks such as Federal Reserve, European Central Bank and Bank of England have adopted aggressive monetary tightening by swiftly hiking their policy rates cumulatively by 475 bps, 350 bps and 425 bps respectively in last one year. RBI's MPC started its quick journey to monetary policy normalization from April, 2022, by narrowing the LAF / interest rate corridor to 50 bps, hiking the CRR by 50 bps, raising the policy repo rates cumulatively by 250 bps and shifting the policy stance from accommodative to withdrawal of accommodation. In its April 2023 policy decision, while pausing the rates, RBI clearly indicated that it is not a 'pivot' and would not hesitate to hike the rates if the situation warrants so.

In the midst of the recent banking failures in the US and the consequent financial contagion, central banks are changing course and adopting a less aggressive policy path and signaling smaller rate hikes or even a pause for the near future. Consequently, financial markets, which strongly recovered after the pandemic are again in turmoil thus dampening the prospects of a soft-landing of the global economy. Moreover, market participants face considerable uncertainty about the future inflation and growth, and the appropriate terminal policy rates to be set by the RBI and other major central banks.

In the current context, it becomes extremely important for treasury and risk managers to understand the signals from monetary policy, liquidity management and public debt management operations of central banks and assimilate its implications for the markets. 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, in the context of renewed financial stability concerns from sudden interest rate tightening. This workshop focuses on recent monetary policy measures of RBI and other major global central banks, market borrowing programme of the government, interest rate transmission, financial stability concerns and its signals for treasury and market risk.

Objectives

- To discuss RBI's recent monetary policy responses and liquidity measures and analyze its signals for money, G-Sec and forex markets.
- To understand and analyze the monetary policy tightening measures of various global central banks in terms of policy rates, monetary policy stance, tapering of bond purchases, balance sheet normalization and global spillovers in the light of recent financial turmoil.
- To assess the fiscal-monetary policy coordination, public debt management function, interest rate transmission and its implications for treasury and market risk.

Workshop Contents

- Monetary Policy: Formulation
 - ❖ Functioning of Monetary Policy Committee (MPC); inflation and GDP forecasts.
 - ❖ Financial instability and its effects on monetary policy stance, liquidity, terminal rates; and micro and macro prudential measures to maintain financial stability.
 - ❖ Monetary policy of Fed, ECB, BOJ and BOE: Interest rate liftoff, tapering of asset purchases, balance sheet runoffs, etc.
- RBI's Money Market Operations: Liquidity Management Framework
 - ❖ LAF: Fixed Rate Repo, Standing Deposit Facility (SDF) and MSF.
 - ❖ Main Operations: 14-Day VRR & VRRR.
 - ❖ FX Swaps: Short-term
- RBI's Operations in G-Sec Market and Public Debt Management Function
 - ❖ OMOs, Operation Twist and Yield Curve Management.
 - ❖ Market Borrowing Programme: Primary Auctions; Buybacks of Securities; Switching / Conversion of G-Secs.
 - ❖ Fiscal-Monetary Policy Coordination.
- 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 Markets
 - ❖ Impact on CDS, CPs, yields, credit spreads, interest rate spread / liquidity premium, deposit rates and lending rates.
 - ❖ Real and nominal rates, inflationary expectations & neutral real interest rates
 - ❖ Inter-linkages between US and Indian sovereign yields and its implications.

Target Audience

- Middle and senior level executives from domestic and forex treasury
- Risk management officers handling market risk
- Officers from economic research department

Pedagogy

Recorded and live lectures will be taken 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, dealers and well-known treasury analysts will also be invited to share their experiences.

Modalities

This online course will have 10 hours of engagement time spread over 2 days, which will include several self-paced study materials, case studies and live interactions with faculty or guest lecturers.

Participants enrolled in the workshop will be provided with login credentials to access the learning platform of NIBM. Guidance will be provided for navigating through the same.

The session schedule will be provided before the commencement of the workshop which will include the timings of the live sessions (and the schedule to be followed for watching the pre-recorded sessions).

To view the live / recorded sessions, participants must have a stable internet connection on a desktop or laptop with WebEx / Google Chrome.

Completion Certificate

A completion certificate would be given to the participant at the end of the workshop.

Nominations and Enquiries

Nominations are invited from both institutions and individuals from India and abroad. Executives working in banks / financial institutions / consulting firms / technology firms in the banking and financial services domain can also apply for the workshop in their individual capacity.

Please address your enquiries and nominations to:

Dr Jiji T Mathew

Dr G Nagaraju

Workshop Directors

National Institute of Bank Management

NIBM Post Office, Kondhwe Khurd

Pune 411 048 (INDIA)

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Website : www.nibmindia.org

For nominations, please login using the following link:

<https://erp.nibmindia.org/POApplication#/>

If you find any difficulty in accessing the above link, then kindly advise your IT department to whitelist **nibmindia.org** domain in the firewall.

Last Date for receiving nominations: June 13, 2023

Last Date to avail 'Early Bird Discount': May 31, 2023

Online Workshop Fee (per participant) for 10 hours workshop US \$ 500 for foreign participant

	Fee	GST	Fee+GST	TDS
Member Banks	: 13440	2419	15859	1344
Non-Member Banks	: 16800	3024	19824	1680
Individual Nominee	: 16800	3024	19824	----

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

As per the resolution of the NIBM Finance Committee's 86th meeting held on January 31, 2023, all organizations / banks would be required to make the full payment for all their nominations for the NIBM 'Executive Training Programmes', prior to the commencement of the respective programmes starting from April 1, 2023. The Reserve Bank of India has given its consent for this new initiative.

Discounts

1. 5% 'Early Bird' discount for nominations received at least 15 days prior to commencement of workshop.
2. **Bulk nominations:** The following discounts will be applicable –
 - (a) 6-10 nominations – 5%
 - (b) 11-19 nominations – 10%
 - (c) 20 and above – 15%

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 GST 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*

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|---|---|
| 1. Name & Address of our Bankers | : Punjab National Bank
C-2, Shop No. 4-5, Bramha Estate
Kondhwe Khurd, Pune 411 048
Maharashtra, India |
| 2. Name of the Beneficiary | : National Institute of Bank Management |
| 3. NIBM's Bank Account No. with Punjab National Bank | : 11281131004402 |
| 4. Bank's Swift Code | : PUNBINBBDIB |
| 5. Preferred Currency | : USD |
| 6. Correspondent Bank of Punjab National Bank | : WELLS FARGO BANK NA |
| 7. Punjab National Bank A/c No. with Correspondent Bank | : 2000193007918 |
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*** 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 / digital remittances, kindly send a confirmatory e-mail to: accounts@nibmindia.org, giving details of the remitter, participant, workshop dates, title of workshop, etc.**

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